Argenta Spaarbank

IFRS Annual Statements 2013

ARGENTA

Financial statements for the 2013 financial year of Argenta Spaarbank nv, covering the period from 1 January 2013 to 31 December 2013, prepared in accordance with the *International Financial Reporting Standards* (IFRS).

The IFRS financial statements and tables are always in euro, unless otherwise explicitly stated in the relevant tables.

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The Statutory Auditor’s Report

Report of the statutory auditor to the general meeting of shareholders concerning the consolidated financial statements for the year closed on 31 December 2013

To the shareholders

As required by law, we report to you in the context of our appointment as the company’s statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Argenta Spaarbank NV (“the company”) and its subsidiaries (jointly “the group”), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.
The consolidated statement of financial position shows total assets of 32,146,954 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 174,975 (000) EUR.

Board of directors’ responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group’s officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Argenta Spaarbank NV give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 26 March 2014
The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Dirk Vlaminckx

Consolidated balance sheet (prior to profit appropriation)

Assets	Notes	31/12/2012	31/12/2013
Cash and cash equivalents with central banks	11	30,996,752	38,899,962
Financial assets held for trading	12	140,798,681	122,898,164
Available-for-sale financial assets	13	11,535,523,315	8,486,713,608
Loans and receivables	14	20,763,569,767	22,230,786,514
Loans to and receivables from credit institutions		938,853,932	313,901,383
Loans to and receivables from other clients		19,824,715,835	21,916,885,131
Financial assets held to maturity	13	760,586,543	761,448,121
Derivatives, hedge accounting	15	0	3,488,299
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	15	417,888,657	275,393,059
Property, plant and equipment	16	34,653,431	36,011,604
Buildings, land, equipment		34,440,746	35,092,101
Investment properties		212,685	919,503
Goodwill and other intangible assets	17	36,156,043	39,779,417
Goodwill		0	0
Other intangible assets		36,156,043	39,779,417
Tax assets	18	0	687,745
Other assets	19	425,093,367	150,847,015
Total assets		**34,145,266,556**	**32,146,953,508**

Liabilities, equity and minority interest			
Deposits from central banks	11	1,209,113,889	0
Financial liabilities held for trading	12	127,512,147	61,720,247
Financial liabilities measured at amortised cost	20	30,540,697,123	29,983,794,839
Deposits from credit institutions		49,739,370	79,744,170
Deposits from other than credit institutions		25,162,921,509	27,032,393,875
Debt certificates, including bonds		4,803,091,259	2,363,906,554
Subordinated liabilities		524,944,985	507,750,240
Derivatives, hedge accounting	15	609,695,754	408,062,931
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	15	0	0
Provisions	21	9,013,878	13,069,332
Tax liabilities	18	114,428,812	100,645,588
Other liabilities	22	239,641,044	191,553,824
Total liabilities		**32,850,102,647**	**30,758,846,761**
Equity attributable to the shareholders	3	1,295,084,649	1,388,027,229
Equity attributable to the minority interests	4	79,260	79,518
Total equity and minority interest		**1,295,163,909**	**1,388,106,747**
Total liabilities, equity and minority interest		**34,145,266,556**	**32,146,953,508**

Consolidated income statement

Assets	Notes	31/12/2012	31/12/2013
Financial and operational income and expenses		**273,961,093**	**441,234,153**
Net interest income	25	356,664,708	468,550,062
Interest income		1,216,439,676	1,129,068,083
Interest expenses		-859,774,968	-660,518,021
Dividends	26	26,705	0
Net income from commissions and fees	27	-81,934,934	-80,770,716
Income from commissions and fees		61,444,268	66,886,570
Expenses related to commissions and fees		-143,379,202	-147,657,286
Realised gains and losses on financial assets and liabilities not measured at fair value in the income statement	28	37,887,178	32,303,432
Gains and losses on financial assets and liabilities held for trading	29	-53,972,344	5,557,395
Gains and losses from hedge accounting	30	299,878	-207,641
Gains and losses on derecognition of assets other than held for sale	31	-10,628	126,099
Other net operating income	32	15,000,530	15,675,522
Administration expenses	**33**	**-137,043,442**	**-166,886,978**
Employee expenses		-28,979,879	-32,751,744
General and administrative expenses		-108,063,563	-134,135,234
Depreciation		**-14,360,961**	**-17,097,248**
Property, plant and equipment	16	-3,467,988	-4,188,199
Investment properties	16	-9,326	-14,786
Intangible assets	17	-10,883,647	-12,894,263
Provisions	**21**	**-894,687**	**-4,055,453**
Impairments	**34**	**-9,307,018**	**-19,011,059**
Available-for-sale financial assets		-703,123	4,282,049
Loans and receivables		-8,603,895	-23,115,738
Goodwill		0	-177,370
Total profit before taxes		**112,354,985**	**234,183,415**
Income tax expenses	35	-30,035,385	-59,208,293
Net profit or loss		**82,319,600**	**174,975,122**
Net profit or loss attributable to shareholders	4	82,317,207	174,974,622
Net profit or loss attributable to minority interests	4	2,393	500

Consolidated total result

Other elements of the total result	Notes	31/12/2012	31/12/2013
Net profit or loss		**82,319,600**	**174,975,122**
Attributable to minority interests		2,393	500
Attributable to shareholders		82,317,207	174,974,622
Other elements of the total result			
Revaluation at fair value		341,849,296	-83,397,432
Available-for-sale financial assets	3	517,680,757	-126,077,699
Deferred taxes		-175,831,461	42,680,267
Cash flow hedge		-4,622,473	1,365,391
Fair value hedged item	24	-5,549,602	1,820,522
Deferred taxes		927,129	-455,131
Total other comprehensive income		**337,226,823**	**-82,032,041**
Total profit or loss		**419,546,423**	**92,943,081**
Attributable to minority interests		419,544,378	92,942,581
Attributable to shareholders		2,045	500

Consolidated statement of changes in equity

	Paid-in share capital	Revaluation reserve of available-for-sale financial assets	Cash flow hedge reserves	Retained earnings	Profit of current year	Shareholders' equity	Minority interest	Total equity
Equity 31 December 2011	**421,255,000**	**-126,000,194**	**-3,379,589**	**547,548,306**	**70,225,611**	**909,649,134**	**93,422**	**909,742,556**
- Capital increase	37,850,400	0	0	0	0	37,850,400	0	37,850,400
- Profit (loss)	0	0	0	0	82,317,207	82,317,207	2,393	82,319,600
- Declared dividends	0	0	0	-71,951,500	0	-71,951,500	0	-71,951,500
- Change in revaluation reserve for available-for-sale financial assets								
- Change in fair values	0	517,681,254	0	0	0	517,681,254	-497	517,680,757
- Change in taxes	0	-175,831,610	0	0	0	-175,831,610	149	-175,831,461
- Cash flow hedge	0	0	-4,622,473	0	0	-4,622,473	0	-4,622,473
- Transfer to retained earnings				70,225,611	-70,225,611	0		0
- Other movements	0	0	0	16,207	0	16,207	-16,207	0
	0	0	0	-23,970	0	-23,970	0	-23,970
Equity 31 December 2012	**459,105,400**	**215,849,450**	**-8,002,062**	**545,814,654**	**82,317,207**	**1,295,084,649**	**79,260**	**1,295,163,909**
- Capital increase	59,141,250	0	0	0	0	59,141,250	0	59,141,250
- Profit (loss)	0	0	0	0	174,974,622	174,974,622	500	174,975,122
- Declared dividends	0	0	0	-59,141,250	0	-59,141,250	0	-59,141,250
- Change in revaluation reserve for available-for-sale financial assets								
- Change in fair values	0	-126,077,699	0	0	0	-126,077,699	-347	-126,078,046
- Change in taxes	0	42,680,267	0	0	0	42,680,267	105	42,680,372
- Cash flow hedge	0	0	1,365,391	0	0	1,365,390	0	1,365,390
- Transfer to retained earnings	0	0	0	82,317,206	-82,317,207	0	0	0
Equity 31 December 2013	**518,246,650**	**132,452,018**	**-6,636,671**	**568,990,610**	**174,974,622**	**1,388,027,229**	**79,518**	**1,388,106,747**

Notes 3 and 4 provide further information on the various equity positions in the above table.

The change in fair value recognized on the revaluation reserve on available-for-sale financial assets includes the transfer from this reserve to profit owing to sales amounting to EUR 8,036,038 in the 2013 financial year and EUR 31,287,178 in 2012 (more detail on these realized earnings can be found in note 28).

Consolidated cash flow statement

	31/12/2012	31/12/2013
Cash and cash equivalents at the start of the period	**358,240,234**	**190,025,007**
Operating activities		
Net profit attributable to shareholders	82,317,207	174,974,621
Payable and deferred tax expenses, recognised in the income statement	30,035,385	59,208,293
Minority interests recognised in the group's income statement	2,393	500
Depreciations	14,360,961	17,097,248
Net provisions (reversals)	894,687	4,055,454
Net income (loss) on the sale of investments	10,628	-126,099
Impairments	9,307,018	19,011,059
Other adjustments	653	171,540
Cash flows from operating profits before changes in operating assets and liabilities		
Changes in operating assets (except cash and cash equivalents)		
Changes in loans and receivables	-2,121,356,374	-1,335,636,727
Changes in available-for-sale assets	3,012,718,996	2,969,820,423
Changes in financial assets held for trading	73,682,203	17,900,517
Changes in financial assets Held-to-maturity	-760,586,543	-861,578
Derivatives, hedge accounting	-37,081,103	142,495,598
Changes in other assets	-120,433,170	273,558,607
Changes in operating liabilities (except cash and cash equivalents)		
Changes in deposits from central banks	1,009,063,889	-1,209,113,889
Changes in deposits from credit institutions	-1,845,249,056	30,004,800
Changes in deposits from other than credit institutions	3,263,497,850	1,869,472,366
Changes in debt certificates (including savings certificates)	-2,751,857,429	-2,439,184,705
Changes in financial liabilities held for trading	-88,225,642	-65,791,900
Changes in derivatives, hedge accounting	55,303,608	-203,755,731
Changes in other liabilities	138,160,897	-77,396,341
Changes in working capital, net	-172,361,874	-28,488,560
Cash flow from operational activities	136,982,932	274,392,616
(Paid) Refunded income taxes	0	-43,682,638
Net cash flow from operating activities	**-35,432,942**	**202,221,418**
Investing activities		
(Cash payments to acquire property, plant and equipment)	-3,396,723	-6,088,902
Cash proceeds from disposal of property, plant and equipment	256,472	356,204
(Cash payments to acquire intangible assets)	-17,431,774	-16,517,637
Cash proceeds from disposal of intangible assets	0	0
Changes concerning consolidated companies	-23,970	0
Net cash flow from investing activities	**-20,595,995**	**-22,250,335**
Financing activities		
(Paid dividends)	-71,951,500	-59,141,250
Cash proceeds from the issue of subordinated liabilities	94,068,799	43,478,691
(Cash repayments of subordinated liabilities)	-172,153,989	-60,673,436
Cash proceeds from a capital raise	37,850,400	59,141,250
Net cash flow from financing activities	**-112,186,290**	**-17,194,745**
Cash and cash equivalents at the end of the period	**190,025,007**	**352,801,345**

Components of cash and cash equivalents:		
Cash in hand	13,580,394	22,155,779
Cash balances at agents	17,415,864	16,743,689
Cash balances with central banks	494	494
Monetary reserves	-	189,649,498
Loans and receivables	159,028,255	124,251,885
Total cash and cash equivalents at the end of the period	**190,025,007**	**352,801,345**
Cash flow from operating activities:		
Received interest income	1,216,439,676	1,129,068,083
Dividends received	26,705	0
Paid interest expenses	-838,370,535	-643,993,859
Cash flow from financing activities:		
Interest paid	-21,404,433	-18,924,068

For the preparation of the consolidated cash flow statement above the indirect method is applied.

Components of cash and cash equivalents

The cash in hand, cash balances at authorised agents, and cash balances with central banks can be found under the balance sheet item 'cash and cash balances with central banks' (see note 11). The amount of 'loans and receivables' can be found under the balance sheet item 'loans to and receivables from credit institutions' (see note 14.1). This concerns term deposit accounts with other financial institutions and the associated pro rata interest amounts.

Starting from the 2013 financial year, deposits with the central bank are included in cash and cash equivalents. At the end of 2012, this was not yet done. There have also been limited changes in the presentation of the figures for 2012.

Cash flows from operating and financing activities

Further information can be found in note 25 on interest amounts received and paid, and note 26 on dividends received.

Notes

1. General information

Argenta Spaarbank nv (hereinafter the ***Company***) is registered in Belgium under Belgian law. Its legal form is that of a public limited liability company that has made a public appeal to the savings system (statutory Belgian credit institution). The company has been established for an unlimited term. The Company's registered office is at Belgiëlei 49-53, 2018 Antwerp.

The Company has the status of a Belgian credit institution. The Company's core activities are attracting retail savings funds, offering mortgages to retail clients and providing payment services.

In addition, the Company offers units of the Argenta funds units of other local and foreign undertakings for collective investment and structured notes of third parties.

Argenta Bank- en Verzekeringsgroep nv (hereafter referred to as ***BVg***) is the holding company of the Argenta Group. Its operations consist of cross-cutting risk management functions (Internal Audit, Compliance, Risk & Validation) and the shared services Human Resources, Facilities, Distribution (sales and support), Inspection and Mediation, which are organized at group level.

BVg has the statute of a mixed financial holding in accordance with article 49-49 bis, 5 of the Law of 22 March 1993 regarding the legal status and the supervision of credit institutions.

BVg consolidates and is responsible for the joint management of the insurance activities of its subsidiary Argenta Assuranties nv (hereafter referred to as ***Aras***) which has the statute of a Belgian insurance company, and the banking activities of the Company.

The subsidiaries of BVg, viz. the Company and Argenta Assuranties nv, have in turn several subsidiaries. Argenta Assuranties nv and its subsidiaries are hereafter referred to as ***the Insurance Pool***.

The Company and its subsidiaries are hereafter referred to as the Bank Pool.

The Company consolidates the activities of its subsidiaries Argentabank Luxembourg SA (***ABL***) and Argenta Nederland (hereinafter ***ARNE***), a Dutch company for the issuance of bonds. The latter company was acquired in December 2013 from the parent company BVg.

ARNE remains responsible for managing the EUR 50 million bond, which was issued in 2006 and matures on 24 June 2014.

Argenta Luxembourg today acts solely as funds manager and administrative agent of Argenta-Fund sicav and Argenta Fund of Funds. Furthermore, the activities of paying agent and custodian for the Luxembourg issues of the Argenta Group are being phased out in parallel with the extinction of the bond portfolio.

The Insurance Pool, Bank Pool and BVg are hereinafter collectively referred to as the Argenta Group.

In September 2007 and December 2008, securitisation transactions were performed by which Dutch mortgage loans with a government mortgage guarantee (Nationale Hypotheek Garantie – hereinafter ***NHG***) were sold to an ***SPV*** (Special Purpose Vehicle – hereinafter SPV) called Green Apple (hereinafter ***SPV Green Apple***).

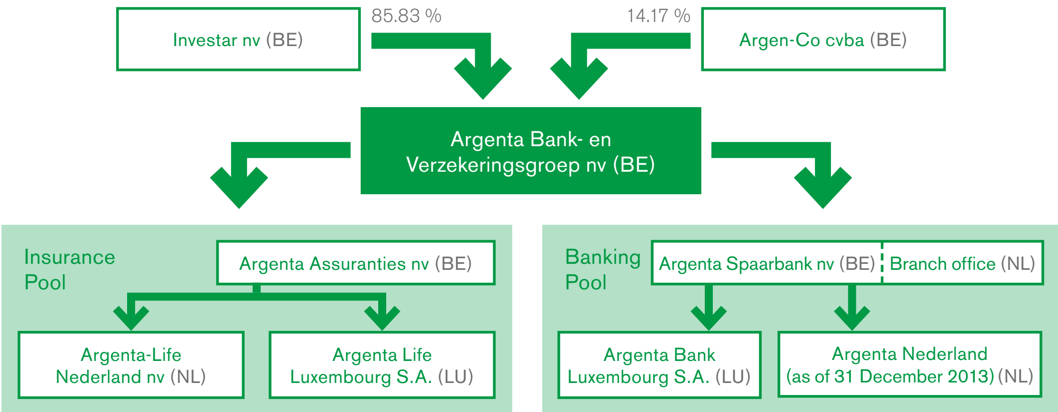
The call of the 2008 securitisation transaction was exercised at the end of 2013. As a result this issued matured on 23 January 2014.

Despite the absence of any capital link with the Company, management decided that the SPV needs to be consolidated, as result of which the transferred loans continue to be recognised on the balance sheet of the Bank Pool.

The average number of people employed by the companies consolidated in the Bank Pool during the 2013 financial year was 509.75 (450.04 in 2012). This breaks down into an average 487.25 administrative staff (429.54 administrative staff in 2012) and 20.50 managerial staff (20.50 in 2012).

These average staffing numbers give a rather distorted picture, given the existence of a cost-sharing arrangement at group level. The number of staff shown include only those actually on the payroll of the relevant companies.

A breakdown of staff costs for the financial year can be found in Note 33.



Entities included in the IFRS consolidation

	shareholding percentage	31/12/2012	31/12/2013
Argenta Spaarbank nv	-	consolidating entity	consolidating entity
Argentabank Luxembourg SA (ABL)	99.71 %	full consolidation	full consolidation
Argenta Nederland (ARNE)	100 %	-	full consolidation
Green Apple bv (SPV)	0 %	full consolidation	full consolidation

2. Accounting policies

The Belgian Royal Decree of 5 December 2004, amending the Royal Decree of 23 September on the consolidated financial statements of credit institutions (hereinafter referred to as the ***Royal Decree of 5 December 2004***), introduced the requirement for credit institutions to prepare their consolidated financial statements in accordance with IFRS with effect from 1 January 2006.

General

In accordance with the stipulations of the Royal Decree, the Company's consolidated financial statements are prepared in accordance with the IFRS standards – including the International Accounting Standards (IAS) and interpretations – as of 31 December 2013, as accepted by the European Union.

Accounting principles that are not mentioned specifically in these financial statements correspond with IFRS as accepted by the European Union.

Crucial estimates and major sources of estimation uncertainties

The preparation of financial statements on the basis of IFRS requires a number of accounting estimates. Furthermore, management was asked for its assessment during the process of applying these accounting principles. Actual results may differ from these accounting estimates and assumptions.

Accounting estimates are made principally in the following areas:
- accounting estimate of the recoverable amount of impairments;
- assessment of the fair value of unlisted financial instruments;
- assessment of the expected useful life of tangible and intangible assets;
- accounting estimate of the existing liabilities resulting from past events in the recognition of provisions.

Assumptions are made principally in the following areas:
- classification of financial instruments;
- level of hierarchical attribution of financial instruments;
- existence of active markets for financial instruments;
- existence of loss events and impairment triggers;
- existence of obligations resulting from past events (provisions);
- existence of control over companies.

Management has also decided that the Green Apple SPV needs to be consolidated and that consequently the transferred loans should remain on the group's balance sheet.

2.1. Changes in accounting policies

The accounting policies used for preparing these 2013 consolidated financial statements are consistent with the policies applied as of 31 December 2012.

The following Standards and Interpretations applied in the 2013 financial year:
- IFRS 13 *Fair Value Measurement* (applicable for annual periods beginning on or after 1 January 2013)
- IAS 19 (2011 revision) *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First-Time Adoption of IFRS – *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (applicable for annual periods beginning on or after 01 January 2013)

- Amendment to IFRS 1 First-Time Adoption of IFRS – *Government Loans* (applicable for annual periods beginning on or after January 2013)
- Amendment to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 *Employee Benefits* (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after 1 January 2013)

The application of these new provisions had no material impact on the Company's results and equity or on the presentation of the financial statements.

Standards and Interpretations published but not yet applicable to the annual period beginning on 1 January 2013:
- IFRS 9 *Financial Instruments* and subsequent amendments (not yet approved by the European Union)
- IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 *Disclosures of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)
- IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after 1 January 2016)
- IAS 27 *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (effective for annual periods beginning on or after 1 January 2014, but not yet approved by the European Union)
- Improvements to IFRS (2011-2013) (effective for annual periods beginning on or after 1 January 2014, but not yet approved by the European Union)
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Consolidated Financial Statements, Disclosures - Investment Entities* (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 *Employee Benefits - Employer's Contributions* (effective for annual periods beginning on or after 1 July 2014, but not yet approved by the European Union)
- Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial assets and liabilities* (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 - *Impairment of Assets - Disclosure of the recoverable value of non-financial assets* (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 - *Financial Instruments - Novation of derivatives and continuing of hedge accounting* (effective for annual periods beginning on or after 1 January 2014)
- IFRIC 21 - *Levies* (effective for annual periods beginning on or after 1 January 2014, but not yet approved by the European Union)

The Company will implement all the aforementioned standards, amendments and interpretations when they come into force. With the exception of IFRS 9, it does not expect them to have a material impact.

IFRS 9 imposes, inter alia, new classification and measuring requirements for financial instruments and the recording of impairments. No decision has yet been made regarding the date of implementation of this standard at the Company.

It should also be noted not all amendments have been approved by the European Union.

2.2. Accounting policies – accounting rules

Consolidation principles

The consolidated financial statements include those of the Company and its subsidiaries (hereinafter: ***Subsidiaries***). Subsidiaries are those companies in which the Company, directly or indirectly, has the power to govern the entity's financial and operational policies in order to obtain benefits from these activities (hereinafter referred to as ***Control***).

Subsidiaries are consolidated from the date on which effective control is transferred to the Company and are no longer consolidated from the date on which that control ceases.

The Subsidiaries are consolidated using the full consolidation method.

This method implies the Subsidiary's shares held by the Company being replaced in the Company's balance sheet by this Subsidiary's assets and liabilities.

Intercompany transactions, balances and results on transactions between Argenta Group companies are eliminated.

Minority interests in the net assets and net results of consolidated Subsidiaries are shown separately in the balance sheet and income statement.

These minority interests are measured at the fair value of the net asset on the date of acquisition. Subsequent to the date of acquisition, minority interests comprise the amount calculated at the date of acquisition and the minority share in the changes in equity since the date of acquisition.

Before proceeding with the consolidation of the individual financial statements, the rules applying to the measurement of the assets and liabilities components were harmonized on the basis of the accounting rules applicable to the Company.

Because all companies included in the Company's consolidated financial statements close their financial years on 31 December of each calendar year, this date is also taken as the year-end closing date for the consolidation.

Operating segments

Operating segments are identified on the basis of existing reporting structures. This segmentation matches the internal reporting and the segmentation applied in the past.

Foreign currency

The consolidated financial statements are stated in euro, which is the functional currency of all Argenta Group entities. Foreign currency transactions are stated at the exchange rate applicable on the date of the transaction.

On the balance sheet date, outstanding balances in foreign currencies are translated at the year-end closing exchange rates for monetary items.

Non-monetary items that are carried at historical cost are translated using the historical exchange rate that applied at the date of the transaction.

Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values were determined.

Transaction date and settlement date accounting

Financial assets and liabilities are recognised on the balance sheet at the time the Company becomes a party to the contractual provisions of the instruments.

Purchases and sales of financial assets settled by cash transactions according to standard market conventions are taken into the Company's balance sheet on the settlement date.

Netting

Financial assets and liabilities are netted and the net amount is recognised on the balance sheet when (a) there is a legally enforceable right to net the recognised amounts and (b) there is an intention to settle the obligation on a net basis, or realise the asset and settle the liability simultaneously.

Assets are recognised after deduction of accumulated impairment losses, if applicable.

Financial assets and liabilities

All financial assets and liabilities – including derivatives – are recognised according to the IFRS classification system. Each classification is subject to its own specific measurement rules.

The following classifications exist for financial assets: (a) loans and receivables, (b) held-to-maturity assets, (c) financial assets designated at fair value through profit or loss, and (d) available-for-sale assets.

(a) Loans and receivables: all non-derivative financial assets with fixed or determinable payments that are not listed on an active market.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Where necessary, impairment losses are charged.

(b) Held-to-maturity assets: all non-derivative financial assets with fixed maturities and fixed or determinable payments that the Company fully intends and is able to hold to maturity.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Where necessary, impairment losses are charged.

(c) Financial assets designated at fair value through profit or loss include:
- financial assets held for trading, including derivative instruments that are not designated as effective hedging instruments;
- financial assets that are designated on acquisition or first-time adoption of IFRS as held at fair value through profit or loss.

These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value, with all changes in value recognised in the income statement.

All derivatives with a positive fair value are considered by the Company as assets held for trading unless designated as effective hedging instruments.

(d) Available-for-sale financial assets: all non-derivative financial assets that are not classified as (a) loans and receivables, (b) held-to-maturity assets, or (c) financial assets designated at fair value through profit or loss. These assets are measured at fair value, with all fair value fluctuations being recognised on a separate line in equity until the assets are sold or until they are recognized as impaired. In this case, the cumulative fair value changes are transferred from equity to profit or loss for the financial year.

For the investments in instruments other than equity instruments, the difference between the acquisition price (including transaction costs) and the redemption value based on the effective interest method is taken into the income statement pro rata temporis over the securities' residual term to maturity as a component of the interest income from these securities.

The fluctuations in the fair value of these securities, which are recognised on a separate line in equity, are measured by calculating the changes between (a) their acquisition price (including transaction costs) plus or minus the portion of the above-mentioned difference that is taken into the income statement and (b) the fair value.

The following classification exists for financial liabilities: (a) financial liabilities designated at fair value through profit or loss and (b) other financial liabilities.

This IFRS classification determines the measurement and recognition in the income statement as follows:

(a) financial liabilities designated at fair value through profit or loss include:
- financial liabilities held for trading, including derivative instruments that are not designated as effective hedging instruments;
- financial liabilities that are designated at acquisition or first-time adoption of IFRS as held at fair value through profit or loss.

These are measured on acquisition at fair value, excluding transaction costs, and subsequently at fair value, with all changes in value recognised in the income statement.

All derivatives with a negative fair value are considered by the Company as liabilities held for trading, unless designated as effective hedging instruments.

(b) Other financial liabilities: these are all other non-derivative financial liabilities that do not fall under the previous category.

These are measured on acquisition at fair value, including transaction costs, and subsequently measured at amortised cost using the effective interest method, with the regular amortisation recognised in the income statement.

Income and expenses arising from financial instruments measured at amortized cost and from fixed income securities classified in 'available-for-sale financial assets' are recognized in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash flows (including paid and received commissions and fees that are an integral part of the effective interest rate, along with transaction costs and all other premiums or discounts) over the expected life of the debt instrument, or, if more appropriate, a shorter period, in order to arrive at the net carrying amount of the asset or liability in the balance sheet.

The method used to recognize service-related commission income and expenses depends on the nature of the service. Commissions which are treated as an additional component of interest are included in the effective interest rate and recognized under net interest income. Paid and received commissions for which the underlying transaction is completed, are recognized in the commission income and expenses.

Cash and cash equivalents

'Cash and cash equivalents', as used in the cash flow statement, include cash in hand, freely available balances at central banks and other non-derivative financial assets with a maturity of less than or equal to three months from the date of acquisition.

Tangible assets

Property, plant and equipment
All property, plant and equipment is recognised at cost, which is the value at acquisition, including directly attributable acquisition costs, less accumulated depreciation and any impairments.

The rates of depreciation are determined on the basis of the anticipated useful life of the assets and are applied according to the straight-line method from the moment the assets are available for use.

When property, plant or equipment is sold, the realised gains or losses are recognised immediately in the income statement.

Investment property
Investment properties are those properties held to earn rental income or for capital appreciation or for both. The accounting rules outlined for property, plant and equipment apply also for the investment property (application of the cost price model).

Specific accounting rules
Land and buildings
The purchase price and purchase costs of land are not depreciated, regardless of whether the site has been developed or not.
Upon purchase of a developed site, the values of the land and of the building are calculated, and the transaction costs divided on a pro rata basis between the land and the building.

The building is depreciated over its estimated useful life, i.e. at a rate of 3 % per annum on a monthly basis.

The purchase price and purchase costs of renovations are depreciated at 10 % per annum on a monthly basis.

The purchase price and purchase costs of interior finishings of rented buildings are depreciated over the term of the rental contract.

IT equipment
The purchase price and purchase costs of hardware are depreciated at 33.33 % per annum on a monthly basis.

Other equipment (including vehicles)
The purchase price and purchase costs of furnishings and equipment are depreciated at 10 % per annum on a monthly basis.

The purchase price and purchase costs of vehicles are depreciated at 25 % per annum on a monthly basis.

Goodwill and intangible assets

Goodwill
Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired, and is calculated as of the date of acquisition.

It is recognised as a non-current intangible asset and is carried at cost less any impairment. Goodwill is not amortised, but is tested at least once a year for impairment.

Intangible assets
An intangible asset is an identifiable non-monetary asset with no physical form. It is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

If the capitalisation criteria are met, acquired software is recognised at cost under intangible assets. The acquisition price and acquisition cost are amortised according to the straight-line method from the moment that the software is available for use.

The purchase price and purchase costs of acquired software are amortised at 20 % per annum on a monthly basis.

Other intangible assets are amortised at 10 % per year.

Impairment losses

The Company tests all its assets at each balance sheet date for impairment indications.

The carrying amount of an impaired asset is reduced to its estimated recoverable amount, and the amount of the change in the current reporting period is recognised in the income statement.

If, in a subsequent period, the amount of the impairment on assets other than goodwill or available-for-sale equity instruments is reduced owing to an event occurring after the write-down, the amount of the reduction is recognised in the income statement.

Financial assets
An impairment loss shall be recorded on an individual basis on any asset (or group of financial assets), if (1) there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and (2) that the loss event or events have an impact on the estimated future cash flows from the financial asset which can be reliably estimated.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:
- the fair value using an observable market price;
- the present value of expected future cash flows discounted at the financial asset's original effective interest rate, or
- based on the fair value of the collateral obtained.

Investments in equity instruments
A significant or long-term fall in the real value of an investment in an equity instrument below the cost price constitutes an objective indication for impairment.

This situation will be assessed individually in each case, but in the absence of additional assessment elements, Company considers an unbroken period of 24 months as long-term, and a fall of at least 30 % as significant.

Where one of the criteria is fulfilled, a quantitative and qualitative analysis of the position in question is undertaken in order to judge whether a permanent impairment exists.

Impairments recognised in the income statement on investments in equity instruments classified as available-for-sale cannot be reversed via the income statement.

Investments in non-equity instruments
Impairments are applied in cases of sustained capital loss or loss of value attributable to the financial difficulties of the debtor.

Assets go into 'default' status where the arrears (of interest and/or capital) have reached 90 days or repayment is unlikely.

Objective indicators used by the Company to consider setting up a provision include significant financial difficulties of the issuer/debtor, payment arrears, the likelihood that the issuer/debtor could be declared bankruptcy or be subject to financial restructuring, renegotiation of the terms of the asset due to financial difficulties of the issuer/debtor including any concessions, the disappearance of an active market for a financial asset as a result of financial difficulties, changes in the credit rating, and observable data that will negatively affect the future cash flows of a financial asset.

Whenever the status of an asset changes to default, an assessment is made on a case by case basis as to whether or not an impairment loss is to be recorded. An impairment loss will be considered if the objective data show that one or more events are likely to affect negatively the future cash flows of a financial asset.

Also taken into account, in addition to the above indicators, are other market information about the liquidity and solvency of the issuer/debtor, the trends for similar financial assets, and local economic trends and conditions.

- Available-for-sale financial assets

Where a fall in the fair value of an available-for-sale financial asset has been recognized directly in equity, and there are objective indications that the asset has suffered impairment, the accumulated loss that has been directly booked to equity is transferred to the income statement, even though the financial asset has not been removed from the balance sheet.

The amount of the cumulative loss that is reclassified from equity to the income statement is equal to the difference between the acquisition cost (net of any principal repayment and amortization) and its current fair value, less any impairment losses on that asset that have been previously taken into the income statement.

Where the fair value of an available-for-sale debt certificate increases in a subsequent period, and the increase can be objectively related to an event that occurred after the impairment was recognised in the income statement, the impairment must be reversed, with the amount of the reversal recognised in the income statement.

- Loans and receivables – individual impairments

Specific measurement rules for mortgage loans, investment loans, instalment sales and loans

The asset is deemed to be in default if either the payment arrears are greater than the sum of three monthly instalments or, where another repayment frequency applies, when the payment arrears (both capital and interest) amount to more than three months. This applies also for an outstanding claim on maturity exceeding EUR 25 or if available indicators show the receivable to be possibly wholly or partially irrecoverable ('unlikely to pay').

The following list of indicators may give rise to a default status: (a) salary transfer by third parties, property attachment by third parties, preventive attachment by third parties, request for payment deferment, request for additional credit, marital problems, death, illness or disability, unemployment; (B) change of domicile or actual residence, bankruptcy (corporate debt restructuring, living costs facility (WLF)[1], BKR coding 5[2]), protested bills, the private sale of the mortgage property, ongoing minimal arrears.

1 WLF: living costs facility; the purpose of a WLF is preventing/delaying a forced auction loss by means of a bridging facility if the payment arrears are due to the current economic crisis.
2 BKR coding 5: reporting to the Dutch central credit office in the case of 'permitted' arrears due to the economic crisis.

In the Netherlands, mortgage loans are also viewed as in default as when the life insurance or investment account initiated for the reconstitution of the loan has been terminated, breached or no payments have been made to it.

The list of mortgage loans, investment loans, sales and instalment loans in default status is produced monthly.

For all mortgage loans, investment loans, and instalment sales and loans in default status, the necessary information is collected for valuation. The outstanding portion is reduced, in the case of mortgage loans, by the forced sale value of the mortgage property, and/or the forced sale value of the movable assets, including pledged securities, accounts, life insurance (Branch 23) and funds.

For mortgage loans granted in the Netherlands, the following elements are taken into account in calculating the valuation: the forced sale value of the mortgage property; the surrender value of life insurance; the value of the investment account; the total value at the end of the month of the building deposit; the total value at the end of the month of the savings deposit.

If a mortgage loan granted in the Netherlands has been concluded with an NHG guarantee, the calculation of the value for this loan takes into account the annuity decrease in the NHG guarantee. Where the measurement as described above leads to a residual debt, an impairment loss is recognized to the extent of the remaining debt.

If, however, the mortgage loan granted in the Netherlands is covered by an NHG guarantee, the impairment will not exceed the amount of the annuity reduction in the guarantee amounts.

For all mortgage loans, investment loans, sales and instalment loans in default status, the monthly measurements take place fully automatically. This can give rise to an upward or downward value adjustment.

All imputed interest, penalties and costs are taken through the income statement, given that the individual value adjustment takes this into account.

Where it is determined that the mortgage loan, investment loan or instalment sale or loan is uncollectible, the impairment amount is applied against it.

A loan is uncollectible whenever the following conditions are met: (a) all possible procedures have been conducted and/or the necessary legal costs outweigh the possible recoverable benefits, all guarantees have been applied and/or legal costs of exercising the guarantee are in disproportion to the potential benefits; (b) based on the available data, no further remedies exist against the borrowers and no recovery of any size is expected in the future, (c) after execution of guarantees, the incoming payments (both payment settlements and/or salary transfers or other attachments) do not guarantee the full repayment of the debt in the short term (< 1 year).

The above rules do not have to be cumulatively fulfilled, but may each on its own be reason to deem the loan to be uncollectible.

Specific measurement rules for non-mortgage credit lines and overdrafts on giro, golden, internet and brokers' accounts

Non-mortgage credit lines and giro, golden, internet and brokers' accounts are in default when scheduled (re)payments are more than 3 months in arrears, or the account has been overdrafted continuously for more than 3 months or where other indicators point to an 'unlikely to pay' situation.

The list of indicators that can give rise to a default status is the same as for mortgage loans, investment loans, instalment sales and instalment loans.

The provisions relating to measurement, the charging of impairment losses, periodicity, taking through the income statement of interest, penalties and costs, and writing off are the same as for mortgage loans, investment loans, instalment sales and instalment loans.

- Loans and receivables - collective provision

In addition to individual impairments, collective – portfolio-based – provisions are recorded in the form of an IBNR (incurred but not reported) provision.

An 'incurred but not reported' provision on loans is recognized for mortgage receivables that are not in default and on which no impairment losses have been recorded on an individual basis (*performing loans*).

This collective evaluation of impairment losses includes the application of a 'loss confirmation period'.

This 'loss confirmation period' represents a time interval (expressed in months) between the occurrence of the impairment-causing event (i.e. a 'loss event') and the time it is identified in the entity's credit system.

The application of the 'loss confirmation period' ensures that impairments that have already de facto occurred but have not yet been identified as such are included to a sufficient degree in the provisions recorded.

The 'loss confirmation period' is continuously evaluated and can be changed depending on market developments (including house prices, transactions, taxation), portfolio characteristics and macro-economic indicators (such as unemployment, GDP growth, debt, divorce rates).

The IBNR provision is calculated and set up for all retail credit portfolios based on adapted IRB models used to determine the minimum prudential capital requirements. These adjustments relate essentially to the introduction of the above-mentioned loss confirmation period and an economic adjustment that reflects the actual losses on the portfolio in place of the average historical losses. The loss confirmation period amounts here to at least 3 months for the different risk categories.

In addition to the IBNR, a provision is also set up for collectively assessed financial assets. This portfolio-based provision is recorded only for a mortgage backed securities (MBS) portfolio classified under loans and receivables.

Other assets

For non-financial assets, the recoverable amount is defined as the higher of fair value less cost to sell and value in use.

The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of the sale.

The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Annual goodwill impairment test

Goodwill is tested at least annually for impairment. Impairment losses are recognized if the carrying amount of the cash generating unit to which the goodwill belongs exceeds its realizable valuable. Impairment losses on goodwill cannot be reversed.

Derivatives

Derivatives are financial instruments such as swaps, forward contracts and options. Such financial instruments have values that change in response to changes in underlying variables, require little or no net initial investment, and are settled at a future date. They are classified as held-for-trading derivatives, unless designated as effective hedging instruments.

The Company applies hedge accounting (effective hedging instruments) if all the required conditions have been met (according to the requirements of hedging transactions of IAS 39 as approved by the EU).

Those conditions are as follows: the hedge relationship must be formally documented on the inception of the hedge; the expectation that the hedge will be effective; the ability to reliably measure the effectiveness of the hedge; and continuous measurement during the reporting period in which the hedge can be considered to be effective.

For **fair value hedges**, the derivatives hedging the risks are measured at fair value, the hedged positions are adapted for changes in the fair value of the hedged item, with all these fluctuations in fair value recognised in the income statement. The pro-rated interest of interest rate swaps is included in the interest income or expense of the hedged positions. Hedge accounting is discontinued once the hedge accounting requirements are no longer met or if the hedging instrument expires or is sold.

In this case, the revaluation gain or loss on the hedged position (for fixed-income financial instruments) will be taken to profit or loss of the financial year until final maturity based on the effective interest rate at the time of disposal of the hedged position.

Fair value hedges **of the interest rate risk of a portfolio** are applied by the Company in order to hedge the interest rate risk of a portfolio of loans by means of interest rate swaps. The interest rate swaps are measured at fair value, with fluctuations in the fair value recognised in the income statement. The changes in the fair value of the hedged amount are presented as a separate asset line on the balance sheet.

The Company applies the carve-out version of IAS 39. In this way, no ineffectiveness arises owing to unexpected levels of prepayments as long as underhedging exists. In case of hedge ineffectiveness, the cumulative fluctuation in the hedged amount is amortised through profit or loss over the remaining lifetime of the hedged assets, or else immediately removed from the balance sheet if the ineffectiveness is due to the derecognition of the corresponding loans.

For **cash flow hedges**, the derivatives hedging the risks are measured at fair value, with the fluctuations in fair value attributable to the effective part of the hedge being recognised in a separate equity item. The pro-rated interest of interest rate swaps is included in the interest income or expenses of the hedged positions. The ineffective portion of the hedge is recognised in income for the financial year. Hedge accounting is discontinued once the hedge accounting criteria are no longer met. In this case, the derivatives are treated as held-for-trading derivatives and measured accordingly.

Held-for-trading derivatives are recognised on the balance sheet at fair value on the transaction date. Subsequently, they are measured at fair value, with fluctuations in the fair value changes being recognised as profit or loss for the financial year.

Held-for-trading derivatives with a positive fair value are recorded on the asset side of the balance sheet, and those with a negative fair value on the liabilities side.

Embedded derivatives
Financial assets or liabilities can include derivatives embedded in a contract. Such contracts are referred to as 'hybrid instruments'.

If the host contract of the hybrid financial instrument (1) is not carried at fair value with changes in value taken through profit or loss, and (2) the characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative should be separated from the host contract and measured at fair value as a separate derivative.
Fair value changes are recognised in the income statement. The host contract is accounted for and measured by applying the rules of the relevant category of the financial instrument.

If (1) the host contract of the hybrid financial instrument is carried at fair value through profit or loss, or if (2) the characteristics and risks of the embedded derivative are closely related to those of the host contract, the embedded derivative is not separated from the host contract and the hybrid instrument is measured at fair value as a single derivative.

Fair value of financial instruments

The fair value is the price that would be received/paid on the sale of an asset or transfer of a liability in an 'orderly' transaction between market participants at the reporting date.

The Company uses the following hierarchy in determining the fair value of financial instruments: first, the quoted price in an active market, and then valuation techniques.

The fair value of a financial instrument is measured on the basis of quoted prices in active markets. Where there is no active market available for the financial instrument, the fair value is measured using valuation techniques.

These valuation techniques make maximum possible use of market inputs, but are affected by the assumptions used, such as risk spreads and accounting estimates of future cash flows.

The fair value of the loans and receivables in particular are obtained using the discounted value technique, in which the future cash flows are discounted at the swap curve, plus a spread, which is systematically re-examined.

In the rare case where it is not possible to determine the fair value of an unlisted equity instrument, it is recognised at cost.

On initial recognition, the fair value of a financial instrument is the transaction price, unless the fair value is evidenced by recent market transactions in the same instrument, or is based on a valuation technique, the variable elements of which consist only of data from observable markets.

Lease contracts

The Company enters into operating leases only for the rental of equipment and buildings. Payments made under such leases are recognised in the income statement on a straight-line basis over the period of the lease.

Repurchase agreements

Securities subject to a repurchase agreement (repo) remain on the balance sheet. The liability arising from the obligation to repurchase the asset is recognised in amounts payable to banks or to clients, depending on the counterparty.

Securitisation

Securitisations can take the form of a sale of the assets involved to a special purpose vehicle (SPV), or a transfer of the credit risk by means of credit derivatives. An SPV issues tranches of securities to fund the purchase of the assets.

The financial assets involved in a securitisation are no longer (fully or partially) accounted for in the financial statements whenever the Company transfers virtually all the risks and income from the assets (or parts thereof).

Employee benefits

Pension obligations
The Company only has pension obligations based on defined contribution schemes.

The Company's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Employee entitlements
Employee entitlements to annual leave and long-service leave are accounted for in the year on which these days are based.

Provisions

Provisions are recognised on the balance sheet if (1) an obligation exists on the balance sheet date that is based on a past event, (2) it is probable that an outflow of funds will be required to settle the obligation, and (3) if the amount of the obligation can be estimated reliably.

The amount of the provision is the best possible accounting estimate on the balance sheet date of the outflow of funds that will be required to settle the existing obligation, taking into account the probability of the event occurring and its possible result.

Income taxes

Income taxes on the result of the financial year include both the current and deferred taxes. These taxes are calculated in accordance with the tax laws that apply in each country in which the Company operates.

Current taxes consist of those that are payable on the taxable income of the year, on the basis of the applicable tax rates on the balance sheet date, as well as each revision of the taxes payable or refundable for previous years.

Deferred taxes are calculated for all taxable temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the financial statements.

These taxes are measured using the tax rates expected to be in effect at the time of the realisation of the assets or settlement of the liabilities to which they relate.

Deferred tax assets are only recognised to the extent that it is probable that sufficient future taxable profit will be available from which the temporary differences can be deducted.

Deferred tax assets and liabilities are compensated and presented netted solely and exclusively if they are taxes levied by the same tax authorities on the same taxable entity.

Equity attributable to the shareholders

Share capital
No shares have been repurchased by the Company.

Compound financial instruments
Components of compound financial instruments (liability and equity portions) are recognised in their respective classifications on the balance sheet.

Other equity components
Other elements recognised in shareholders' equity include those related to the available-for-sale assets.

3. Equity attributable to the shareholders

The Company is the consolidating company and 99.99 % of its shares are owned by BVg (the holding company of the Argenta Group).

The IFRS equity attributable to the shareholders as of 31 December 2013 is EUR 1,388,027,229, compared with EUR 1, 295,084,649 as of 31 December 2012. The increase in equity is the combined result of several factors.

Overview IFRS equity	31/12/2012	31/12/2013
Share capital	459,105,400	518,246,650
Revaluation reserves available-for-sale financial assets	215,849,450	132,452,018
Retained earnings	545,814,654	568,990,610
Profit current year	82,317,207	174,974,622
Cash flow hedge reserves	-8,002,062	-6,636,671
Equity attributable to share holders	1,295,084,649	1,388,027,229
Minority interests	79,260	79,518
	1,295,163,909	**1,388,106,747**

There is an increase in equity from, inter alia, the addition of the profit for the year (EUR 174,974,622), a fall as a result of changes in the fair value of 'available-for sale-financial assets', and the effect of a cash flow hedge in equity.

The elements of the IFRS equity are further described in the text below.

Paid-in capital

The fully paid-in capital, represented by 168,975 no par shares, is EUR 518,246,650 (EUR 459,105,400 as of 31 December 2012).

The increase is the result of a capital increase of EUR 59,141,250 that took place on 17 December 2013. This capital increase took place without issuing new shares and was subscribed by the existing shareholders (after receiving in December an interim dividend in the same amount from the Company).

In 2012, there was a capital increase of EUR 37,850,400.

Revaluation surplus on available-for-sale assets

Available-for-sale (AFS) financial assets are measured at fair value, with all fluctuations in fair value recognised on a separate line in equity until the assets are sold or until an impairment occurs.

These changes in fair value are found under 'revaluation reserve for available-for-sale financial assets'.

This reserve evolved from EUR 215,849,450 as of 31 December 2012 to EUR 132,452,018 as of 31 December 2013.

Reconciliation of revaluation reserve	31/12/2012	31/12/2013
Unrealized capital gains and losses on fixed-income securities	433,685,971	260,153,385
of which used in micro hedges	-87,832,873	-43,141,251
Total latent taxes on fixed income securities	-117,550,787	-73,760,421
Unrealized capital gains and losses on non-fixed income securities	503,066	338
Minority interests' share in unrealized capital gains and losses	-241	0
Unrealized capital loss on reclassified assets	-19,626,854	-16,361,208
Latent taxes on reclassified assets	6,671,168	5,561,175
Total revaluation reserve	**215,849,450**	**132,452,018**

Included in the above is a revaluation reserve for available-for-sale assets and a frozen revaluation reserve of MBS securities that were reclassified in 2011 to loans and receivables.

Other breakdown of revaluation reserve	31/12/2012	31/12/2013
Revaluation reserve, available-for-sale financial assets	228,805,136	143,252,051
Frozen revaluation reserve, reclassified assets (loans and receivables)	-12,955,686	-10,800,033

Note 14 contains further information on the 'unrealized capital loss on reclassification of assets' line included in the above table and the frozen AFS reserve. Note 15 gives additional information on the accounting treatment of the specified micro hedges.

Cash flow hedging

The Company has concluded an interest rate swap in the context of hedge accounting, which is treated a cash flow hedge. In this market value of the swap (net of tax) is shown in a separate line in equity. This cash flow hedge is described in greater detail in Note 24.

Reserves

The reserves position (EUR 568,990,610 as of 31 December 2013) includes the statutory reserves of the Bank Pool's parent company – i.e. the Company – which on an unconsolidated basis has reserves available for distribution of EUR 499,998,881 and statutory reserves of EUR 36,316,948 as of 31 December 2013.

The increase of the available reserves from EUR 452,700,323 as of 31 December 2012 to EUR 499,998,881 is due to the payment in December 2013 of a dividend of EUR 59,141,250 out of available reserves, an addition to the result of the 2012 financial year and an addition of EUR 444,603 as a result of a BGAAP transfer of revaluation gains from buildings to available reserves.

Profit from the current year

The consolidated result (excluding minority interests) for the year ending on 31 December 2013 amounted to EUR 174,974,622 (compared with a consolidated result of EUR 82,317,207 for the year ending on 31 December 2012).

Dividend proposal for the 2013 financial year

In December 2013, an interim dividend of EUR 59,141,250 was paid (EUR 350 per share).

Subsequently on 17 December, a capital increase of the same amount in the Company took place, subscribed by the two shareholders.

The Company's Board of Directors will submit a proposal to the general meeting of shareholders not to distribute any further dividend in respect of the 2013 financial year.

In 2012, the payment of an interim dividend, offset by the subsequent capital increase, produced a net cash outflow of EUR 19,601,100 (or EUR 116 per share).

In 2013, with the payment of an interim dividend and the subsequent capital increase in the same amount, there was no cash outflow.

4. Minority interests

The Company's minority interests relate to the shares of its subsidiary ABL that are not held by the Company.

These shares are held directly by the coordinating holding company of BVg.

The minority interests also include the entire capital (EUR 18,000) of the Green Apple SPV. Even though there is no capital link with the Company, this company is nonetheless consolidated on the basis of the IFRS rules (SIC 12).

In 2013, there was a profit attributable to the minority interest of EUR 500 compared with EUR 2,393 in 2012.

There are no minority interests in the 'other elements of the total result', given that ABL no longer has a securities portfolio and holds no derivatives.

5. Risk management

Professional, comprehensive risk management is an essential prerequisite for achieving sustainable, profitable growth. The Argenta Group recognises this and considers risk management as one of its core competencies.

The risk management framework is constantly being updated and adapted to reflect new regulations, daily experiences and changes in Argenta's activities. Demonstrating that adequate risk management procedures are in place is a key prerequisite for gaining and retaining the confidence of all stakeholders: customers, investors, branch managers, regulators and rating agencies, but also directors, management and employees.

The strategy and long-term policy of all entities within the Argenta Group is determined by the Executive Committee and Board of BVg. The two main subsidiaries, the Company and its sister entity Argenta Assuranties nv, are responsible for operational management within their powers as laid down in the Memorandum of Internal Governance.

Risk management at the Company

The Executive Committees of the Company, Argenta Assuranties nv and BVg are integrated, with a number of members in common: the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Risk Officer (CRO).

This unity of management highlights the importance of a commercial, risk and financial strategy that is harmonised group-wide, with an emphasis on the long-term relationship with both customers and independent agents.

The Argenta Group continued in 2013 to develop its cautious and transparent risk management. This process has more than proven its added value.

In the area of risk governance, a number of issues were the subject of further particular attention. The Company has also make major progress in the context of Basel III.

The Risk Appetite Framework (RAF) is now solidly imbedded in the business planning cycle: filling in the risk appetite matrix, translation into proactive RAF standards, reviewing against the business plan iterations and, finally, risk assessment.

- The RAF is a transparent ‘flashing light’ indicator system in which the daily risk management for each risk category is monitored based on three indicators (green, yellow and red flashing lights);

There is a direct relationship here between the risk parameters of the RAF and the ICAAP (Internal Capital Adequacy Assessment Process) and through the further translation into operational risk limits in the policy documents. This resulted in the daily embedding of risk awareness in first line management.

The following policy documents, among others, were approved in 2013:

- With regard to key functions: The Suitability of Key Executives Charter (‘Fit & Proper’ charter), the Compliance Charter, the Risk Management Function Charter;
- With regard to operational risk: the Information Safety policy and the Business Continuity Management policy.

The Treasury and ALM policy was updated, demonstrating that the embedding of the RAF has come to full speed with the expansion to new asset categories.

As well as optimizing risk governance, the risk metrics were also greatly improved. In this process the RAF risk parameters were refined by the assigning of an overall risk score and the introduction of a new internal control maturity matrix.

In 2013, regular consultations took place with the relevant supervisory authorities. The following topics, among others, were discussed:

SREP (Supervisory Review & Evaluation Process)
The ICAAP results were compared with the SREP, that is the assessment of risks and capital requirement undertaken by the NBB according to its own internal methodology. The exercise occasioned no fundamental observations about the ICAAP with respect to its structure and risk measurement.

RRP (Recovery & Resolution Plan)
In order to be better prepared to manage any crises, national supervisory authorities are asking all system-important banks to establish recovery plans. These plans need to pro-actively identify the various restoration options available to an institution in order to improve its financial condition if needed. The effectiveness and impact of these recovery options need obviously to be assessed under various stress scenarios.

The preparation of recovery plans is part of the structural reforms initiated by the G-20 following the banking crisis. One of the findings was that the government was not adequately prepared and equipped in an effective way to deal with (almost) failing financial institutions.

To a timetable set by the NBB, a risk map has been produced and relevant stress scenarios defined and calculated. Work has also started on identifying remedial measures and developing a calculation model.

ECB Comprehensive Assessment

In November 2013 the European Central Bank (ECB) and the NBB started the Comprehensive Assessment process in preparation for the transfer of banking supervision of the largest European financial institutions to the ECB. Five Belgian financial institutions will in this way fall under the direct supervision of the ECB.

This process will continue into 2014 and will include a Risk Assessment, AQR (Asset Quality Review) and stress tests.

During 2013, the Risk Department also worked on:

- the further development of ICAAP (including forward looking);
- the implementation of the NBB-approved internal rating models for banks and corporates;
- the further integration of the Validation Unit in company-wide projects;
- a major contribution to the external (financial) controls carried out by the NBB, the Dutch Central Bank (DNB), the International Monetary Fund (IMF) and stress tests.

Governance

Besides the independent Internal Audit and Compliance control functions, group risk management is organised mainly at the level of the Argenta Group. In the Risk Management Charter, Risk Management is defined as the second line function that controls the general risk management within the Company.

The Risk Management Function supervises and controls the first line in terms of risk management and provides supporting risk advice. The risk management function is performed by the Risk Management and Validation Department and is under the hierarchical responsibility and supervision of the Chief Risk Officer.

First-line risk management is organised and handled autonomously within each entity, and hence comes under the auspices of the various group companies' management bodies.

Significant efforts have been made to define and distinguish roles and responsibilities in these specialist fields.

The Risk & Validation Department:

- undertakes the independent second-line control;
- has as its basic principle: 'identify, report, monitor and mitigate' for all material risk factors (including interest rate and business risk), which are then integrated into the ICAAP for the Bank Pool. Also controls the (economic) capital management in this process;
- in this way it has a 'radar' function of pro-active identification of not yet identified risks;
- plays an important policy definition and validation role in risk modelling;
- undertakes the necessary formal risk checks, and in its overall capacity plays an active role in, among others, the Group Risk Committee and the Asset-Liability Committee;
- advises the Executive Committees and Boards of Directors in an independent manner on the risk management process within the Argenta Group.

The monthly umbrella Group Risk Committee (GRC) has an alternating agenda consisting of one month ICAAP topics, and the following month credit risk subjects (Kreco or Credit Risk Committee) and after that operational risk (Orco or Operational Risk Committee).

Along with second-line risk control, validation of the risk models is a core activity of the Risk and Validation department. The supervisory authority requires financial institutions to have the risk models they develop confirmed by an independent validator.

The activities of the Validation unit included in 2013:

- validation of the review and recalibration of the credit risk models of the mortgage portfolios of the Company, CBHK and ARNE;
- validation of the review, the recalibration and stress testing of the investment portfolio (more particularly of exposure to financial institutions, corporations and covered bonds);
- validation of the updating on the bank's internal rating model;
- validation of the rating model for central, regional and local governments;
- validation of the pricing model for savings accounts.

The Company's risk profile

This annual report discusses the activities of the Bank Pool and, in compliance with the provisions of Article 119.5 of the Belgian Companies Code, a summary is provided below of the objectives and the policy concerning the management of the banking risks.

The Company's policy and the organisational structure with regard to risk management are designed in order for the known risks to always be properly identified, analysed, measured, monitored and managed.

Through its activities, the Company is exposed to various risks. The Company's risk management distinguishes, inter alia, between the following risk categories: financial risk (primarily interest rate risk), liquidity risk, credit risk (including concentration and sovereign risk), operational risk and other risks.

These risks are managed in a uniform way across the Argenta Group, using the above-mentioned RAF, the policies and the established procedures.

5.1. Financial risk

The financial risk (market risk) is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Within this market risk we distinguish, among others, three types of risk: interest rate risk, currency risk and other price risks.

Interest rate risk

The professional management of these market risks is – given the Company's specific strategic positioning as a savings bank – especially focused on the judicious management of the interest rate risk, which is the primary component of its market risk.

The results and capital position of the Company display a certain sensitivity to changes in interest rates. This is because a major component of the business strategy consists of attracting short to medium-term funds – primarily via savings deposits and bank savings certificates placed with retail customers – and reinvesting these via various forms of loans and investments. As the term of these reinvestments does not necessarily match that of the funds raised, a maturity mismatch occurs. Via the interest rate differentials between the various maturities this gives rise to a transformation result.

The gross value of the business (the difference between the investments measured at market value and the cost of financing them) is affected by the fluctuations in these interest rates. The intensity of these is determined by the size of the selected 'duration gap'. This parameter serves as a benchmark for the weighted maturity mismatch, on which the management of the interest rate sensitivity is to a large extent based.

This duration gap is therefore one of the main instruments used by the Company to steer – based on its views as to future interest rate developments – its operating results, also taking into account the potential impact of this gap on the gross value of the company as a guide to its capital position.

The duration gap can be adjusted flexibly and at short notice on the basis of financial instruments. It can also be adjusted in the longer term by fundamental changes in the positioning of certain activities:

(i) the first-mentioned way of modifying interest rate sensitivity uses standard and liquid financial instruments that are available on the capital markets, such as interest rate swaps and caps. Such exogenous instruments are used, among other things, for managing the interest rate risk. They are subject to a strict policy regarding counterparty risks.

(ii) the second series of measures relates to endogenous adjustments whereby, based on the pricing policy for deposits and retail savings certificates, the margins applied and the acceptance policy for loans in various maturity segments, the interest rate sensitivity of the portfolio can be structurally adjusted. This type of adjustment is obviously focused on the fundamental strategic positioning of the Company, while the aforementioned exogenous measures are more tactical in nature and serve to supplement the more fundamental goal of managing the balance sheet by endogenous means.

In its risk management procedures, the Company pays much attention to having a consistent internal structure, enabling it to perform these activities judiciously, objectively and efficiently and to provide the various competent management bodies with timely, comprehensive reports. This is first and foremost the Asset-Liability Committee. This carries specific responsibilities for monitoring the daily management of the financial position, on which it reports to the Executive Committee. ALCO has the ongoing mission of maintaining both net interest income and the market value sensitivity of equity within the prescribed limits.

In this way the structural interest rate risk of the balance sheet is monitored through various risk management tools including duration gaps and net interest income (NII)-based risk benchmarks. The norm is based on the maximum acceptable loss in the event of a 1 % (100 basis points) change in interest rates.

Sensitivity analysis – interest rate risk in the banking book

The following table shows, as of 31 December 2013, the interest rate sensitivity of the results over the following 12 months and the equity of the Company in the event of a parallel interest rate shock, comparing this with a similar simulation as at the end of 2012. The interest rate shock is assumed to take place in four stages of 25bp: immediately, after 3 months, after 6 months, and after 9 months.

(in 000 euro)	31/12/2013		31/12/2012	
	+100bp	-100bp	+100bp	-100bp
Impact on income over 12 months	71,469,775	-25,757,310	27,098,558	8,371,551
	14.81 %	*-5.34 %*	*7.11 %*	*+2.20 %*
Impact on economic value	-118,135,214	136,635,263	-80,587,402	-14,684,444
	-3.54 %	*4.09 %*	*-2.67 %*	*-0.49 %*

The interest rate sensitivity of earnings over a 12-month period and of the equity of the bank comes entirely from the banking book, in the absence of any trading book.

The calculations are done by the ALM Department. Calculations are performed using a standard hypothesis, assuming a static balance sheet, with the outstanding positions and balance sheet mix at 31 December being held constant.

With market interest rate simulations, the following elements are taken into account:

- loan prepayments (impact of interest rates on the expected Constant Prepayment Rate and the reinvestment fee to be received);
- expected draw-downs of approved, but not yet fully drawn down credit facilities at position date;
- interest rate caps and floors on loans with revisable interest rates;
- options in the securities portfolio (calls or weighted average life);
- value variations of interest rate derivatives to which hedge accounting does not apply (fair value through P & L).

These are mainly options representing a principal source of asymmetry in the outcome of the simulations. Another source of asymmetry is the level of the interest rate curve. Last year, the interest rate curve at the longer end of the curve by approximately 50 basis points. In this way, a -100bp interest rate hits the 0 % floor less rapidly. In this way, the positive effect of a decline in interest rates on the market potential of the asset was higher than the previous year.

The main source of interest rate sensitivity of earnings over 12 months is the impact of a change in interest rates on savings accounts. Their increased share in the balance sheet mix, coupled with standard rate assumptions (70 % tariff elasticity with 6 month delay with no caps/floors) increased the overall earnings sensitivity.

Last year a 100 % tariff elasticity was still supposed in the event of -100bp. The measurement per 31 December 2012 was therefore brought in line with the adjustment in hypothesis (as a result of the update of the financial policy). In this way, a uniform basis of comparison is obtained about two years.

Last year a lower Constant Prepayment Rate was used in the calculations (after annual recalibration of the prepayment model). Such supposed change in behaviour brings about a trade-off between short-term (earnings over 12 months) and long-term (equity) effects. This is magnified by interest rate shocks. At +100 bp, compared with the year before, higher earnings were measured over the first 12 months (less premature loss of return) and lower equity projection (term of mortgages extended).

The revaluation of interest rate derivatives that can be formally recognized as a hedge of interest rate risk have no impact on earnings and equity at an interest rate shock of +/- 100bp. In any event, the revaluation of the hedged items generates an identical but opposite impact.

Risk reduction strategies

In order to keep market sensitivity within the risk appetite guidelines approved by the Company's Board of Directors and not to exceed the NBB's flashing light levels, additional interest rate caps were purchased and interest rate swaps concluded in 2013. This exogenous hedge serves to supplement the permanent aim of a maximal endogenous management of the balance sheet.

With a capped interest rate hedge, price-setting for savings accounts can partially keep step with a potential future interest rate increase, whereas without a hedge this would be difficult to do because of the less frequent repricing of assets.

On the other hand, it is important to be able to convert long-term fixed-rate assets into floating when interest rates are rising. With interest rate hedging, budgeted long-term fixed-rate mortgage production can be made floating in the event of a future rise in interest rates. This provides protection in terms of both income and value.

IFRS applies strict rules to the accounting treatment of hedging, and not every economic hedge that is used to hedge the interest rate risk is regarded as a hedge under IFRS, which can result in a degree of volatility in the IFRS result.

Further information on the fair value hedges applied for covering the interest rate risk of a portfolio and on the other hedges can be found in Notes 12, 15 and 24.

Further developments in risk management

Active management and monitoring of the market risk (principally interest rate risk) are essential in order to safeguard the solvency, profitability and strategic objectives. With this in mind, work started in 2013 on two strategic projects: the ALM Replicating Model and Strategic Asset Allocation. Both projects aim to optimize the management of the balance sheet.

The ALM Replicating Model project involves developing a balance sheet management model that can integrate savings accounts in an economically and financially accurate way into the operational ALM management of the Company.

A correct reflection of savings accounts in the Company's interest rate risk balance seeks to achieve an accurate calculation of the interest rate risks and more effective management of the balance sheet. An important criterion here is the stability of the model output under different macroeconomic conditions.

Complementary to the development of an ALM Replicating Model intended to give Argenta an understanding of the ALM behaviour of savings accounts, a pricing model has also been developed for savings accounts. The objective of the model is to gain further insight into the dynamics of savings accounts and the explanatory variables, thereby providing useful information for the strategic and tactical adjustments of savings account pricing.

The need to diversify the asset side of the balance sheet, the constant search for risk-return optimization and the impact of prudential developments explain why Argenta in 2013 started up a Strategic Asset Allocation project.

The aim of the Strategic Asset Allocation is to provide Argenta with insight and knowledge about the various asset categories so that future investment decisions for the Company can be controlled in an informed manner and optimal asset allocation can be pursued.

In 2013, an impetus was given to the further diversification of the asset portfolio with the cautious development of knowledge about new asset categories. Several financing deals were successfully concluded for local and regional public entities and public-private partnerships (PPPs) launched.

The ALM investment and decision framework was adapted to the updated investment policy and decision-making reformed to permit efficient credit decisions without disavowing the prudent investment policy.

Despite low interest rates and spreads the Company succeeded in 2013 in steadily growing its interest margin within the set risk appetite framework. That is the outcome of a healthy risk-return mix of housing loan production and re-investments in the investment portfolio, of a balanced liabilities pricing policy and a well-conceived hedging policy.

Both the income and the value volatility remained controlled within the contours of the limit framework. Even so, persistent uncertainty about future macro-economic developments calls for very close monitoring of interest rate and spread movements.

Equity as a risk buffer

As with any other risk, the interest rate risk requires a risk buffer in the form of equity capital. Although neither European nor Belgian legislators nor regulatory authorities have laid down precise capital requirements for the interest rate risk to date, the Company specifies a certain volume of required capital in its Internal Capital Adequacy Assessment Process (ICAAP).

The ongoing development of its activity as a traditional savings bank and hence, among other things, as a 'transformation bank' (i.e. a bank whose activity consists of converting (transforming) short-term deposits into long-term investments) naturally requires a continuous monitoring of the required capital and, whenever necessary, capital increases.

Earnings quality at Argenta Spaarbank was very much improved in 2013 by the ALM policy and by the macro-economic developments. It was influenced much less than in preceding years by the effect of exogenous interest rate hedging instruments.

The combination of endogenous and supplementary exogenous ALM hedging ensures that the Argenta Group's commercial strategy (including long-term relationships with households, growth in mortgage loans, and the sustainable and profitable growth in deposits) fully complies with the approved RAF.

Currency risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the exchange rate.

The Bank Pool operates only in the Benelux countries and does not make investments in currencies other than the euro, as a result of which it is not exposed to any currency risk. Nor are there any plans to take positions in other currencies than the euro.

Other price risks

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices caused by factors other than interest rate risk or currency risk.

This is regardless of whether these changes are caused by factors that apply specifically to the individual financial instrument or the issuer or by factors that affect all similar financial instruments traded on the market.

Equities risk

The Bank Pool does not invest in individual equities. Historically a limited number of equity funds (in the legal form of beveks/sicavs - open-ended investment companies) came onto the balance sheet when the Company issued new sub-funds in existing equity funds.

A gradual sell-down of the existing positions was initiated in 2012 and by spring 2013 all positions had been sold. This evolution can be seen in the figures in Note 13.

5.2 Liquidity risk

The liquidity risk is the risk of the Company not being able to honour its financial commitments at a reasonable cost on the due date. It needs therefore to be able to satisfy the liquidity requirements of deposit or other contract holders, without suffering unacceptable losses as a result of freeing up assets that exist to meet the financial obligations in normal and difficult circumstances.

Since the outbreak of the liquidity and credit crisis, liquidity management has been central to global bank management and bank supervision. The integration of specific liquidity standards within the new capital regulations endorses the importance of robust liquidity management in the banking sector. The Bank Pool therefore takes liquidity policy very seriously.

In order to measure, monitor, check and report on the liquidity risk, the Argenta Group has a specially adapted management information system (MIS), including a contingency plan in order to be able to adequately manage its liquidity in both normal and exceptional circumstances.

The liquidity risk is monitored using also two risk indicators, the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio). The LCR sets the liquidity buffer here against a defined outflow of financial liabilities over a 1 month period. The NSFR sets the available liquidity in the light of the required liquidity over a period of one year. The RAF sets a minimum limit of 100 %, but a ratio of at least 120 % is sought so that the Company still has a comfortable liquidity situation.

The daily liquidity management, the definition of early warning indicators (EWIs) and the organisation of stress tests are described in a Liquidity Contingency Plan (LCP).

Every day, reports on funding are distributed amongst a broad target audience. In addition, discussion of the liquidity indicators is a fixed item on the agenda of the fortnightly ALCO meeting. In other words, senior management is continuously involved in the liquidity management.

The Company's liquidity model can be summarized as follows:

- a sizeable base of customer deposits (see liquidity sources below, with customer deposits and retail savings certificates purchased by retail customers);
-
- total funding independence from the interbank market: the Company does not have to go onto the interbank market for funding;
-
- a low loan to deposit ratio, which reflects the fact that, to a large extent, the amount of loans made is lower than the total amounts of customer deposits;
-
- securities portfolios that are liquid and readily convertible into cash (can be used as collateral with the ECB or sold).

From the summary of funding sources, it can be deduced that the Company also from time to time holds deposits from credit institutions. This has taken the form, inter alia, of funding by means of repos or LTRO (long-term refinancing) transactions entered into either for liquidity management purposes, or to take advantage of investment opportunities on the financial market. Further information on repo or LTRO transactions can be found in Notes 11 and 20.1.

Sources of funding

Funding policy is directed at obtaining funding from individual customers through the issue of current and savings accounts and term deposits and securities. Customer deposits constitute the most important primary source of funding of the Bank Pool's banking activities.

These deposits can be considered as both sources of liquidity and sources of liquidity risk. Amounts held in private individuals' current and savings accounts can be withdrawn on demand or at short notice, but nevertheless provide an important contribution to the stability of the long-term funding base. This stability therefore depends on maintaining account holders' confidence in the Company's solvency, profitability and risk management.

The Group's financing structure is managed in such a way that a substantial diversification is maintained and that the level of dependency on capital market funding remains very limited.

The table below shows the financing mix of the Bank Pool.

Sources of funding	**2012**	**2013**
Deposits from central banks	3.68 %	0 %
Deposits from credit institutions	0.15 %	0.26 %
Retail customer deposits	76.60 %	87.88 %
Bank savings certificates sold to retail customers	9.71 %	7.54 %
Bonds sold to retail customers	0.64 %	0.06 %
Bonds sold to institutional customers	4.27 %	0.08 %
Subordinated instruments sold to retail customers	1.38 %	1.42 %
Subordinated debt instruments sold to institutional customers	0.22 %	0.23 %
Other liabilities	3.35 %	2.52 %
Total liabilities	100.00 %	100.00 %
Total liabilities in EUR	**32,850,102,647**	**30,758,846,761**

The further decline in volumes of retail savings certificates subscribed in 2013 is due mainly due to the historically low interest rates, leading private customers to prefer other savings and investment instruments.

Maturity analysis

Notes 13 and 14 give further details of the residual maturity of the available-for-sale financial assets and loans and receivables.

The table below shows a maturity analysis for the financial liabilities held for trading, the financial liabilities measured at amortised cost, derivatives used for hedging purposes and 'other liabilities'.

The interest results of the swaps posted under the category 'financial liabilities held for trading', and 'derivatives for hedging purposes' are included in the totals.

The fixed and variable rates as of 31 December 2013 are used in calculating this interest for the respective fixed and variable parts of the interest rate swaps concerned.

For this table, deposits (available on demand, special deposits and regulated savings deposits) have been classified in the < 3 months bracket.

2012 financial year	< 3 months	< 12 months	2-5 years	> 5 years
Deposits from central banks	9,113,889	200,000,000	1,000,000,000	0
Financial liabilities held for trading	286,540	859,621	1,075,590	0
Financial liabilities measured at amortised cost	24,415,643,133	903,906,517	4,934,271,018	286,876,455
- Deposits from credit institutions	49,739,370	0	0	0
- Retail funding - deposits with no fixed term	23,358,379,267	0	0	0
- Retail funding - deposits with fixed maturity	190,670,508	198,910,148	1,318,690,247	96,271,340
- Retail funding - savings certificates	810,955,300	496,172,352	1,723,143,536	160,227,324
- Debt certificates - bonds	0	148,823,417	1,463,769,330	0
- Subordinated loans	5,898,688	60,000,600	428,667,905	30,377,792
Derivatives for hedging purposes	35,447,354	106,342,062	410,643,432	143,603,435
Other liabilities	239,641,044	114,428,812	9,013,878	0
Total	**24,700,131,960**	**1,325,537,013**	**6,355,003,918**	**430,479,890**

2013 financial year	< 3 months	< 12 months	2-5 years	> 5 years
Deposits from central banks	0	0	0	0
Financial liabilities held for trading	93,161	190,544	0	0
Financial liabilities measured at amortised cost	25,459,584,772	1,072,427,867	2,936,965,739	514,816,462
- Deposits from credit institutions	79,744,170	0	0	0
- Retail funding - deposits with no fixed term	24,636,321,582	0	0	0
- Retail funding - deposits with fixed maturity	245,340,930	598,865,419	1,317,636,147	234,229,796
- Retail funding - savings certificates	497,209,381	423,226,606	1,171,425,030	228,305,715
- Debt certificates - bonds	416,405	43,323,417	0	0
- Subordinated loans	552,304	7,012,425	447,904,562	52,280,950
Derivatives for hedging purposes	28,324,375	84,973,125	332,434,958	117,639,506
Other liabilities	47,888,456	143,665,368	0	0
Total	**25,535,890,764**	**1,301,256,904**	**3,269,400,697**	**632,455,968**

The 'debt certificates - bonds' category still contains as of 31 December 2012, after partial redemption, a notional EUR 1,397,934,330 of notes. These are securities issued by the SPV Green Apple to finance the purchase of Dutch mortgage loans initially granted by the Company.

Given that all Green Apple notes were purchased in the second half by Argenta Spaarbank, there are, as of 31 December 2013, no more notes on the liabilities side of the balance sheet.

The 'subordinated loans' category still contains as of 31 December 2013 a nominal EUR 69.3 million of the Tier 1 loan issued by the Company in 2006 in a nominal amount of EUR 100 million.

Reporting to the supervisory authority

The significant efforts made in recent years in the area of liquidity management were further consolidated in 2013. In addition, further developments in liquidity reporting and the reporting of the LCR and NSFR were systematically monitored and reported to the ALCO.

In the context of the existing liquidity standards, liquid financial assets and liquidity inflows and outflows are systematically reported to the supervisory authority. The table below shows the Bank Pool's liquid financial assets as reported.

Breakdown of liquid financial assets	31/12/2012	31/12/2013
Cash and cash equivalents with central banks	790,781,935	228,548,966
ECB eligible securities	9,077,353,733	10,490,541,277
Securities that can be liquidated through sale	1,187,366,423	835,134,885
Balance sheet total	**34,145,266,556**	**32,146,953,508**

The Company easily met all statutory and internal liquidity standards in 2012 and 2013.

5.3. Credit risk

Generally speaking, credit risk arises when a customer or counterparty is no longer able to meet its contractual obligations. This can be the result of the insolvency of a customer or counterparty. This risk arises both with traditional lending and with investment activities (other interest-bearing assets). As regards the latter, widening spreads and rating downgrades are indicators of credit risk.

For the Company, there are essentially two sub-areas of importance for credit risk: the market for mortgage lending to individuals on the one hand and the investment portfolio on the other. The Company's credit risk management is therefore focused on these two segments.

Credit risk management

The management of credit risks within the Bank Pool is governed by the credit risk management policy (retail lending) and the 'Treasury and ALM policy' (other interest-bearing assets). The policy guidelines set out the basic principles, rules, instructions and procedures for identifying, measuring, approving and reporting credit risks.

All the Bank Pool's entities and departments have adequate measurement instruments, guidelines and procedures available to manage the credit risk, including a fully independent credit approval process with set limits for creditworthiness and supervisory procedures.

Lending to individuals

The Company has a concentration in lending to private individuals in Belgium and the Netherlands, and more specifically residential mortgage loans to individuals. This makes the Company sensitive to developments in the housing market and to the repayment capacity of individual borrowers in Belgium and the Netherlands.

The Bank Pool generally endeavours to maintain a low risk profile in its lending. This strategic option is confirmed in, among other things, the Company's credit acceptance conditions and procedures, of which the provision of security (mainly mortgage registrations on buildings) is one of the basic conditions, together with the strategic focus on lending to retail customers.

The credit risk of the mortgage portfolios remains fairly stable. The portfolio outstandings are growing significantly as a result of increasing production. For Belgium, this translates into stable arrears rates and low default rates. For the Netherlands, we see a limited increase in default rates, but still at very low absolute levels.

The risk models for Dutch loans were renewed. The open risk of the Dutch portfolio is calculated and studied on a quarterly basis. The lending reforms in the Netherlands will in the long run have an additional beneficial effect on the credit quality of the Dutch mortgages.

Investment portfolio

A precise rating allocation that has been refined in-house plays a major role in monitoring the quality of Argenta's securities portfolio. Thus the asset quality of the various portfolio components is closely monitored using the average rating concept based on 1) internal ratings and 2) internally agreed rating factors. This involves the calculation of the APR (average portfolio rating), which is calculated on the basis of the internal ratings (or externally derived ones if no internal ones are available) and a PD table depending on rating and maturity.

The risk framework has been fine-tuned by a selective update of the financial policies. The prudent investment policy remains an effective first line of defence.

The investment framework remains directed at strong counterparty quality. In 2013, the focus was on expanding the investment spectrum. All counterparties were thoroughly analysed and assessed as part of an annually recurring process using a first line analysis, supplemented by a risk check. Every bank and corporate included in the portfolio is assigned an internal rating in accordance with the FIRB (Foundation Internal Rating Based) approach that has been ratified and implemented in Argenta. In this way, 160 counterparties were assigned an internal rating. The structure and operation of the Rating Consultation was also optimized.

The investment framework is clearly described and detailed in the Treasury and ALM Policy based, among other things, on the following principles:

- A country limit is applied which measures, besides the sovereign risk, the risk of all counterparties/borrowers for each country.
- In addition to the bond limit, a separate internal limit is used for repos, derivatives and covered bonds.
- Counterparty limits are based not only on rating, but also on term.
- ABS and RMBS are permitted only under strict conditions: 5 % retention by the issuer/initiator; permanent monitoring of the underlying risk positions for arrears, default, known underlying assets and clear view of the structure: no RMBS on RMBS/ABS on ABS but direct underlying collateral.

Within this policy framework, attention is also paid to developing and applying the limit framework, in which country concentration and asset quality ratios also play an important role.

In the area of governance, the first line control and reporting on portfolio transactions have been strengthened by close cooperation between the various first line departments and Risk.

As before, each quarter, the Bank Pool's investment portfolio is subjected to a thorough analysis, including risk check. This analysis forms the basis of regular reporting to, and discussion within, ALCO, the Executive Committee and the Board of Directors.

Credit risk and the Basel II Capital Accord

The Bank Pool has many years' experience in granting and managing mortgage loans to retail customers, resulting in a history of low loan losses.

Retail customers include private individuals and self-employed professionals having their customary place of residence in Belgium (the Belgian activities) or the Netherlands (the Dutch activities) and that use the Company for their normal non-professional credit needs.

On the basis of this policy option and its above-mentioned long experience, the Bank Pool has therefore opted to perform its mortgage lending under the Basel II Capital Accord, on the basis of internal ratings and to calculate the capital adequacy requirements according to the F-IRB method, subject to exceptions that are not material. This means that a rating is assigned to each loan when granted. To this end, the Company has, where applicable, developed one or more models itself.

A distinction is made between models for PD (probability of default) and LGD (loss given default). For the retail credit portfolios, for which an internal rating based (IRB) system has been selected, both a PD model and an LGD model have been developed.

In the PD model, credit files are divided into various credit rating categories, depending on the risk of default calculated using the model. Credit rating categories are distributed on the basis of variables with associated modalities, which include both product criteria and borrower-related criteria. Each rating category has lower and upper limits for the risk of default and is assigned an average default rate. Files in default are placed in a separate rating category.

The LGD pooling also takes place on the basis of several variables. Each LGD pool is assigned an average LGD rate. In this way, each outstanding loan in the portfolio is placed in a specific LGD pool and that loan is assigned the average LGD rate for the pool.

Every month, the total mortgage loan portfolio is linked to the PD and LGD models in order to calculate the capital requirement for unforeseen losses.

The decision to use this IRB based method has resulted, among other things, in changes to the operational credit risk management, the authorisation framework, price setting, internal monitoring and reporting and the responsibilities of the Executive Committees and Boards of Directors.

As from 30 September 2009, the equity requirement for the retail mortgage portfolios has been calculated using the IRB method. As a result of the transitional provisions of Basel II, the so-called 80 % floor (equity calculated according to Basel I principles) determines the ultimate equity requirements.

Within the governance framework and further FIRB rollout, the reviews and stress tests on the investment portfolio were further elaborated and fine-tuned in 2013. In the governments area, scoring models were implemented during the past year, with counterparty governments also assigned internal ratings that are relevant within the acceptance context and also serve for monitoring and management purposes. For regulatory capital calculations, the Company continues to apply the standardized approach to governments. For bank and corporate counterparties, it uses the FIRB approach.

Impairments

Certain impairments for loan losses can be recognised on an individual basis when a loan is considered as being in default, i.e. that there are objective indications that the Company will not be able to collect all due and payable amounts in accordance with the contractual conditions. The amount of the impairment is the difference between the carrying value and the recoverable amount.

Specifically, a loan is considered as being in default when one of the following events has occurred:

- The Company considers it unlikely that the debtor will be able to fully honour its loan commitments without the Company having to resort to actions such as sale of collateral.
- The debtor is more than 90 days in arrears with meeting a material loan commitment.

Loans deemed to be in default are consequently reviewed (including taking the security received into account), to see whether impairment should be recognised.

Besides the impairments determined on an individual basis, collective - portfolio-based - impairments are also recognised. These collective impairments are recognised only for the 'loans and receivables' portfolio.

For the retail mortgage portfolio, this takes the form of an 'incurred but not reported' (IBNR) provision. 'Incurred but not reported' provisions are justified for receivables for which no special impairments have been recognised on an individual basis.

Loans and receivables in arrears and amounts in arrears

The Company constantly reviews its portfolio for payment arrears. The table below provides summarizes the financial assets in the 'loans to and receivables from other customers' heading on which payment arrears have been ascertained but for which no impairments have been recognised on an individual basis.

The figures here relate to the total amount of outstanding loans (total exposure) rather than the total amount of arrears. The data have been prepared based on modified definitions. For purpose of comparibility, the figures for 2012 have been adapted accordingly.

These amounts also include loans which are only one or two days in arrears or which are temporarily in arrears due to a possible delayed processing of instalment payments (including by direct debit).

days

Per 31/12/2012	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	11,046,838	1,335,283	502,496	102,590
Mortgage loans	1,714,660,422	41,641,203	28,145,382	39,002,328
Long term loans	39,807,644	100,579	251,152	1,497,638
Demand deposits/advances	23,090,776	146,014	232,111	5,082,676
Other loan receivables	0	0	0	0
	1,788,605,680	**43,223,079**	**29,131,142**	**45,685,232**

Per 31/12/2013	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	8,434,666	292,267	161,953	97,989
Mortgage loans	1,226,432,724	44,662,088	33,853,369	41,013,190
Long term loans	21,507,176	1,334,312	760,913	1,225,745
Demand deposits/advances	3,111,267	104,459	306,532	4,136,910
Other loan receivables	0	0	0	0
	1,259,485,833	**46,393,126**	**35,082,767**	**46,473,834**

The above loans and receivables were either not yet considered as in default or there were sufficient guarantees that no impairments needed to be recognised on an individual basis.

Effective arrears (principal and interest)

The tables below summarize the actual amounts in arrears (principal and interest).

The ‘demand deposits/advances’ category consists primarily of overdraft facilities for which the entire amount goes into arrears if the credit line is exceeded.

As of 31/12/2012	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	462,277	65,945	27,460	7,416
Mortgage loans	12,492,606	1,402,465	787,315	1,132,095
Long term loans	424,581	29,079	28,918	14,416
Demand deposits/advances	23,090,777	146,014	232,111	5,082,675
Other loan receivables	0	0	0	0
	36,470,241	**1,643,503**	**1,075,804**	**6,236,602**

As of 31/12/2013	<= 90 days	90 days <> 180 days	180 days <> 1 year	> 1 year
Consumer loans	309,349	14,073	9,712	4,803
Mortgage loans	8,225,500	1,065,706	1,454,815	9,739,853
Long term loans	228,835	39,778	51,941	529,294
Demand deposits/advances	3,111,267	104,459	306,532	4,136,910
Other loan receivables	0	0	0	0
	11,874,951	**1,224,016**	**1,823,000**	**14,410,860**

There are no arrears in any other categories of financial assets or the sub-categories distinguished within them.

Impairments determined on an individual basis

The following table shows the amounts in the various financial asset categories and sub-categories, on which impairments have been recognised on an individual basis.

As of 31/12/2012	gross carrying value of the impaired assets	impairments assets assessed on an individual basis
Available-for-sale assets		
Other loans	30,136,049	4,282,049
Total available-for-sale assets	**30,136,049**	**4,282,049**
Loans and receivables		
Consumer loans	3,449,065	3,156,257
Mortgage loans	102,988,066	32,140,543
Long term loans	847,459	798,562
Demand deposits/advances	9,145,054	8,370,698
Other loan receivables	457,549	455,864
Total loans and receivables	**116,887,193**	**44,921,924**

As of 31/12/2013	gross carrying value of the impaired assets	impairments assets assessed on an individual basis
Available-for-sale assets		
Other loans	0	0
Total available-for-sale assets	**0**	**0**
Loans and receivables		
Consumer loans	4,025,686	4,039,789
Mortgage loans	148,680,741	29,996,128
Long term loansv	880,129	663,598
Demand deposits/advances	4,410,171	4,096,968
Other loan receivables	230,880	229,195
Total loans and receivables	**158,227,607**	**39,025,678**

As of end 2012, there were EUR 44,921,924 of impairments assessed on an individual basis for the loans and receivables portfolio. A provision of EUR 4,282,049 was built on the portfolio of Cyprus government bonds (in a nominal amount of EUR 30 million), which are recorded under 'available-for-sale assets'.

At the end of 2013, EUR 39,025,677 of impairments were recorded on individual items in the loans and receivables portfolio. The provision of EUR 4,282,049 for government securities of Cyprus was reversed with the realization of the securities. There are therefore no individual impairments on securities in the 'available-for-sale assets' category.

The following tables show the changes to the individual impairments for the 2012 and 2013 financial years. Further details on the overall earnings impact (including direct write-downs and recoveries) are to be found in Note 34.

As of 31/12/2012	Opening balance 31/12/2011	Increase via P&L	Decrease via P&L	Closing balance 31/12/2012
Available-for-sale assets				
Other loans	3,578,926	4,282,049	-3,578,926	4,282,049
Investment funds	0	0	0	0
Total available-for-sale assets	**3,578,926**	**4,282,049**	**-3,578,926**	**4,282,049**
Loans and receivables				
Consumer loans	2,929,170	1,274,507	-1,047,420	3,156,257
Mortgage loans	27,988,081	28,600,610	-24,448,148	32,140,543
Long term loans	795,309	654,327	-651,074	798,562
Demand deposits/advances	8,594,814	2,954,637	-3,178,753	8,370,698
Other loan receivables	381,342	314,643	-240,121	455,864
Total loans and receivables	**40,688,716**	**33,798,724**	**-29,565,516**	**44,921,924**

As of 31/12/2013	Opening balance 31/12/2012	Increase via P&L	Decrease via P&L	Closing balance 31/12/2013
Available-for-sale assets				
Other loans	4,282,049	0	4,282,049	0
Investment funds	0	0	0	0
Total available-for-sale assets	**4,282,049**	**0**	**4,282,049**	**0**
Loans and receivables				
Consumer loans	3,156,257	2,720,990	-1,837,457	4,039,789
Mortgage loans	32,140,544	25,841,529	-27,985,944	29,996,128
Long term loans	798,562	236,063	-371,027	663,598
Demand deposits/advances	8,370,697	1,469,442	-5,743,173	4,096,968
Other loan receivables	455,864	267,744	-494,413	229,195
Total loans and receivables	**44,921,924**	**30,535,768**	**-36,432,015**	**39,025,677**

The EUR 4,282,049 reversal is found in the income statement under 'impairments' – available-for-sale financial assets (see note 34).

Impairments determined on a portfolio basis

Collective IBNR impairments are calculated and recognised for all retail loan portfolios for which credit risk models have been developed in Basel II.

This 'incurred but not reported' impairment on loans is recognized for mortgage receivables that are not in default and on which no impairment losses have been recorded on an individual basis (performing loans).

This collective evaluation of impairment losses includes the application of a 'loss confirmation period'. This 'loss confirmation period' represents a time interval (expressed in months) between the occurrence of the impairment-causing event (i.e. a 'loss event') and the time it is identified in the entity's credit system.

The application of the 'loss confirmation period' ensures that impairments that have already de facto occurred but have not yet been identified as such, are included in the provisions.

Based on the PD (probability of default), the portfolios are divided into risk categories. For each risk category, the probability is then determined of a credit in this class going into default within a certain period.

The 'loss confirmation period' is continuously evaluated. In 2013, it was adjusted from 3 to 6 months. In addition, from now onwards, the impairment is calculated on the basis, among other things, of real losses instead of historical average losses (point in time PD instead of the average PD).

The table below gives an overview of the EAD (exposure at default) and the collective impairments (IBRN) recognised at year-end.

Portfolio		31/12/2012		31/12/2013
	EAD	IBNR	EAD	IBNR
Argenta Spaarbank Belgium	6,079,707,836	410,497	7,337,406,251	2,317,029
Netherlands	9,524,119,711	1,710,520	10,586,639,242	6,259,265
Green Apple	2,692,278,611	368,329	2,473,279,951	1,364,212
CBHK	662,369,940	517,703	568,828,458	988,853
Total		**3,007,049**		**10,929,359**

With the above-mentioned changes in the calculation, the IBNR impairments have increased from EUR 3,007,049 as of 31 December 2012 to EUR 10,929,359 as of 31 December 2013.

As well as the IBNR provision, an impairment is also recognised for collectively assessed financial assets. This portfolio-based impairment is recorded solely for an MBS portfolio classified under loans and receivables.

As of 31 December 2013, this total collective impairment stood at EUR 1,865,801 as against EUR 1,464,914 at the end of 2012.

This portfolio-based impairment has been recognised for a limited RMBS portfolio that (owing to the illiquid nature of the securities) is classified under 'loans and receivables'.

Collateral

Security in the form of personal guarantees or material collateral is always requested when granting mortgage loans. The lower a borrower's creditworthiness, the more the security required from the customer. Under the foreclosure policy, it may occasionally occur that certain collateral is acquired and recognised on the balance sheet.

For such collateral (here, the properties on which a mortgage or mortgage mandate is registered), new individual estimates are made whenever loans to which the collateral is attached are deemed in default (see the definition of default in the above description of impairments). All material collateral reviewed periodically using a statistical method.

Foreclosure policy

If all other means of obtaining financial settlement for a loan in default have been exhausted, the Company will, when property is available, proceed to a public or private sale.

In 2013, there were 226 public and private sales in 2013 (218 in 2012), including sales relating to loans with an NHG guarantee in the Netherlands, but excluding sales at Green Apple, where the sale proceeds did not cover the full amount receivable. The total remaining debt amounted here to EUR 3,752,431 (compared with EUR 4,207,663 in 2012).

In the context of this policy, one property was purchased in 2012 by the Company for EUR 53,229. In 2013, three properties were purchased with a remaining carrying value of EUR 373,522 as of 31 December 2013. These purchased (and not yet resold) properties are to be found under 'real estate investments'.

As a result of the conservative loan policy and the strict monitoring strategy, loan losses within the Company's various fields of activity were low in recent years.

Forbearance

The European Securities and Markets Authority (ESMA) has requested financial institutions to provide information on loan refinancings and maturity extensions. This relates to refinancings and extensions in the context of arrears situations.

Following the internal definition of forbearance, being a written adjustment of the terms and conditions of the loan contract, there is no forbearance by the Company.

Only very sporadically are adjustments made to the loan contracts. And if this occurs, these loans are normally always given default status so that the necessary provisions for these contracts are made on a systematic basis.

Credit exposure

The total credit risk exposure comprises the carrying value of financial assets on the balance sheet (the major part of the asset side of the balance sheet), the calculated exposure to financial derivatives, and specific off-balance-sheet items (including financial guarantees and loan commitments) as specified in the equity legislation (Basel).

Totals	31/12/2012	31/12/2013
Total on balance	33,016,224,682	31,303,978,267
Total off-balance	1,102,045,460	886,965,728
Total derivatives	249,674,922	211,726,830
	34,367,945,064	**32,402,670,825**

Further information on the off-balance-sheet items is given in Note 37. A more detailed disclosure on the outstanding credit risk can be found in the Basel Pillar 3 disclosures that are placed annually on the Company website (www.argenta.be).

Concentration of credit risk

Concentration may relate to various factors. It can be a concentration of lending to an individual counterparty or a group of interrelated counterparties (single name concentration or counterparty concentration).

It can also be a concentration of lending through an uneven distribution among sectors or countries/regions (sector concentration).

The latter may arise due to significant exposure to groups of counterparties where the probability of default is due to common underlying factors.

The credit risk management policy includes limits for concentration risk. These limits are systematically monitored and reported on.

One of these limits relates to the maximum exposure per counterparty in retail lending, and stipulates that this maximum exposure to a single retail counterparty may never exceed EUR 1 million.

Larger credit amounts are granted only by an explicit decision of the Credit Committee and the Executive Committee.

The table below shows the various types of loan or receivable as a percentage of the 'loans to and receivables from other customers' category. The 'other loan receivables' item contains a limited MBS portfolio.

	2012	%	2013	%
Consumer loans	171,857,241	0.87 %	153,366,853	0.70 %
Mortgage loans	19,383,528,068	97.78 %	21,474,655,924	97.98 %
Term loans	192,956,193	0.97 %	232,435,828	1.06 %
Demand deposits/advances	18,453,847	0.09 %	7,702,812	0.04 %
Other loan receivables	57,920,486	0.29 %	48,723,714	0.22 %
	19,824,715,835	**100.00 %**	**21,916,885,131**	**100.00%**

Potential concentration risks resulting from being present on just two mortgage markets (Belgium and the Netherlands) are mitigated by a limitation of the credit risk per individual dossier, as well as a strict monitoring of developments on the Dutch and Belgian mortgage and residential real estate markets.

In addition, the risk is diversified by granting a large number of loans of limited amounts, spread across Belgium and the Netherlands (also regionally). The spreading of the credit provision in time (credit facilities are granted every week/month) has the effect of tempering risks, in that loans are granted in both strong and weak economic times.

Finally, securitisation can also be used, not only as a funding and liquidity tool, but also to manage the risk volume of loans and thus the level of concentration. Both of the securitisation operations carried out involved Dutch mortgage loans.

The basis for the quantitative assessment of the concentration risk is the analysis of the composition of the portfolio (balance) by economic sector (governments - public administrations, credit institutions, other loans including corporate bonds, mortgage lending and other retail lending) and countries.

The Company classifies most of the investment portfolio as 'available-for-sale financial assets'. As of 31 December 2013, the majority of the investment portfolio was made up of bonds from public institutions (53.95 % in 2012, compared with 52.90 % in 2012). 'Credit institutions' accounted for 27.20 % at 31 December 2013. The category 'other loans' has risen from 15.21 % to 18.84 %.

		2012		2013
	Carrying values	**Percentage distribution**	**Carrying values**	**Percentage distribution**
Fixed-income securities				
- public institutions	6,102,623,028	52.90 %	4,578,242,498	53.95 %
- credit institutions	3,672,803,847	31.84 %	2,308,910,414	27.20 %
- other loans	1,754,079,376	15.21 %	1,599,532,160	18.84 %
Variable-yield securities				
- investment funds/equities	6,017,064	0.05 %	28,536	0.01 %
	11,535,523,315	**100.00 %**	**8,486,713,608**	**100.00 %**

The following table shows the geographic breakdown (%) of the government bonds classified as available-for-sale financial assets. The overview indicates the fact that there is a large exposure to Belgium (head office location).

	31/12/2012	31/12/2013
Belgium	79.1 %	76.9 %
Italy	2.3 %	3.1 %
Czech Republic	2.2 %	2.8 %
Slovakia	4.1 %	4.8 %
Slovenië	1.5 %	0.6 %
Austria	1.1 %	1.4 %
Germany	0.6 %	0.7 %
France	1.8 %	2.3 %

	31/12/2012	31/12/2013
Poland	2.3 %	2.9 %
Portugal	1.2 %	0.7 %
Finland	1.6 %	2.2 %
Ireland	0.2 %	1.2 %
Bulgaria	0.3 %	0.4 %
Other countries	1.7 %	0.0%
Total	**100 %**	**100 %**

The table below shows finally the rating level of the entire 'available-for-sale assets' portfolio. Additional information regarding this portfolio can be found in note 11.

	31/12/2012	31/12/2013
Investment grade	96.94 %	99.22 %
Below investment grade	1.98 %	0.68 %
Non-rated	1.08 %	0.10 %
Total	**100.00%**	**100.00%**

The item 'held-to-maturity assets' includes three securities amounting to EUR 761,448,121 (EUR 760,586,543 as of 31 December 2012) issued by the Belgian federal and regional authorities.

The Treasury and ALM Policy referred to above establishes which bonds and which ratings may be considered for investment. The ratings of all fixed-income securities are then systematically monitored. If (after purchase) the rating of a bond drops below the set minimum rating requirement, the bonds concerned will be discussed again by ALCO and the Rating Consultation (RO).

ALCO, and thereafter the Company's Executive Committee, must then make an explicit judgement on whether or not to keep a position. The positions maintained are also reported to the Board of Directors.

5.4. Operational risk

General discussion

All businesses carrying on activities of any kind have to contend with operational risk. Financial institutions are no exception.

The Company's activities depend on the ability to process a very large number of transactions efficiently, accurately and in accordance with the policies and regulations. Potential operational risks include a violation of the money laundering legislation, breach of confidentiality obligations and the execution of unauthorized transactions.

Operational risks and losses result from inadequate or failed internal processes (such as processes not aligned with the legal requirements), human actions (including fraud, employee errors) and systems (such as system failure) or are due to external events (such as natural disasters or malfunctions of external systems, including those of Argenta Group's suppliers or counterparties). The impact may consist of financial and/or reputational loss.

The Company has a fairly limited number of products and services. This allows the operational risks to be kept limited. In general, however, it is also assumed that operational risks will gradually increase in the various businesses, owing, among other things, to the rapidly changing technological environment, the increasing complexity and growing range of products and the general trend towards outsourcing of non-core business activities.

Although the Company has taken measures to control the risks and limit any losses, as well as earmarking substantial funds for the development of efficient procedures and staff training, it is impossible to implement procedures that can exclude these operational risks in a completely effective manner.

Each year, a very extensive internal audit report is presented to the Board of Directors and the NBB. This report assesses the adequacy and effectiveness of the existing control measures.

Operational risk policy

The ORCo (Operational Risk Committee) is a permanent part of the GRC (Group Risk Committee). It is organized on a quarterly basis. In 2013, the risk appetite for operational risk was further elaborated.

Every two years, each division is required to identify and assess its operational risks and where necessary take action to reduce them. These risk and control self-assessments (RCSAs) make up a large part of the annual planning.

In 2013, the contact persons appointed by each division were further involved in the management of operational risks, acting as contact points in the field of operational risk management for their departments and training them in the various aspects of operational risk management.

In the area of Business Continuity Management, the BCM procedure has been completely revised and elaborated in flowcharts. In addition, the different business contingency documents were combined into a single comprehensive document.

In the context of information security, the section of the Code of Conduct concerning information security was totally revised and expanded and presented at the staff meeting.

Finally, the new maturity matrix for internal control from operational risk management was initiated and implemented.

The risk scoring within the audit universe is done on parameters, including the maturity of the internal controls and the presence or absence of RCSAs.

Operational risk and the Basel II Capital Accord

The Company uses the standard method for calculating the requirements for operationeel risk.

5.5. Other risks

With no attempt to be exhaustive, this section mentions certain other risks.

Strategic risk

The strategic risk to which the Company is exposed is the risk of the effect on current and future earnings and capital of poor policy or operational decisions, poor implementation of decisions or a lack of responsiveness to changing market conditions (both commercial and financial).

In order to achieve the strategic objectives, as defined in the business strategy, the Company makes resources available (including communication channels, systems, personnel, networks, managerial time and managerial capacities).

The ultimate achievement of the business strategy depends ultimately on the adequacy of the resources made available and the way in which these resources are used and are permanently assessed.

Business Risk

Business risk is the risk that current and future earnings and capital will be affected by changes in business volumes, or by changes in margins and costs, both caused by changing market conditions or the organisation's inability to take advantage of such changes. This risk also includes a poor diversification of earnings or the inability to maintain a reasonable level of profitability.

In order to diversify the business risk to which the Company is exposed, the Argenta Group has made a strategic choice to sell products that generate fee income alongside its traditional activities. Alongside the other lines of insurance, lending, savings and payments, this fourth business line should give rise to greater diversification of earnings. Another important factor in this regard is the attention given to cross-selling, in order to attract as many customers as possible to several business lines concurrently.

As to the profitability of the Bank Pool's products, price setting must incorporate funds transfer pricing in order to determine the earnings contribution of each product.

Reputational risk

Reputational risk is the risk of damage (loss) through a deterioration of the reputation or standing caused by a negative perception of the image of the organisation by its customers, counterparties, shareholders and/or regulatory bodies.

This is a second-order risk; in other words, a risk that results from another risk but which has its own impact. The Company considers this risk as a vertical risk, i.e. a risk that runs through all other risks. By monitoring and managing the other risks, the reputational risk is also managed.

External service providers

The Company is exposed to the risk of termination of large contracts with external service providers. Termination of one of these contracts could result in an interruption to business or delays in important business processes, against which the Company covers itself as far as possible through an appropriate business continuity policy and transitional arrangements in the relevant contracts.

Risks associated with changes in legislation and regulations

In all places where the Company operates, it is subject to the laws, regulations, administrative measures and regulations on financial services policy. Changes in the supervisory framework and regulations may affect the activities, products and services that the Argenta Group offers or the value of its assets. Although the Company works closely with regulators and constantly monitors the situation and future legislative changes, fiscal policy and other policies are at times unpredictable and fall outside its control.

Right now, discussions are under way for a tax ruling with the Netherlands in the field of corporation tax.

On 15 May 2012, the Antwerp Court of Appeal sentenced the Belgian State to refund to the stock exchange and delivery tax for the period 15 July 2002 - 15 July 2004. No appeal was made against this judgement, which thereby became final in 2013. Since uncertainty remains over the actual amount owed by the State, this has not yet been recognized in the Argenta Spaarbank balance sheet.

The legislation governing the own funds requirements for credit institutions and insurance companies is also currently under revision, in the form of the so-called Basel III standards, which will impact the Argenta Group. Further information on the various changes can be found in the Basel Pillar 3 notes which can be found on the Argenta website.

6. Solvency and capital management

6.1. Capital management

The dynamic growth of the financial markets and the increased use of more complex banking products have brought about major changes in the Company's business environment. These challenges require appropriate personnel, processes and systems for the limitation and the targeted control of the Company's risk position.

Apart from describing methods for the calculation of the regulatory capital requirements (quantitative requirements), the Basel II accord puts increased stress on risk management and integrated group-wide management (qualitative requirements). The Company is obliged to implement adequate procedures and systems aimed at guaranteeing its long-term capital adequacy, while taking into account all material risks.

Internationally, these procedures are referred to as the Internal Capital Adequacy Assessment Process (ICAAP). The goal of the Argenta Group's risk management is to have the best possible capital structure and risk control to match that of the major market players, and in so doing continue to meet the statutory capital requirements.

Implementing the business plan, with the attendant need to ensure that sufficient capital is available to pursue the group's grown plans, is a key factor here.

The Company has always pursued a policy of self-financing. To retain a level of capital that provides sufficient scope for growth and to meet the financial and operational risks, the Company aims to meet the potential capital requirements with (a) retained earnings, (b) capital increases and (c) subordinated loans.

Additional measures can include shrinking the balance sheet through securitisation of part of the retail loans portfolio.

The following table shows the eligible own funds at year-end.

Composition regulated (=eligible) own funds	31/12/2012	31/12/2013
Equity sensu stricto	1,106,745,985	1,277,842,335
Total Surplus reserves	330,160,818	289,276,590
First part of the surplus reserves	13,425,585	12,572,987
Subordinated loans	316,735,233	276,703,603
Total regulated (=eligible) own funds	**1,436,906,803**	**1,567,118,925**

The Basel Pillar 3 guidelines explain in considerable detail the concepts of own funds for accounting purposes, eligible own funds for regulatory purposes and the reconciliation between the two.

The reconciliation between the IFRS own funds for accounting purposes and the regulated Tier I (strictu sensu) own funds is shown below.

Composition regulated own funds sensu stricto	31/12/2012	31/12/2013
- Equity attributable to the shareholders	1,295,084,649	1,388,027,229
- Minority interests (non-controlling)	79,260	79,518
Total equity	1,295,163,909	1,388,106,747
Prudential filters		
- Intangible assets	-36,156,043	-39,779,417
- Revaluation reserves	-215,849,450	-132,452,018
- Cash flow hedge	8,002,062	6,636,671
Add-on tier 1 loan	70,000,000	69,300,000
transfer to Tier 2 own funds	-14,414,493	-13,969,648
Total regulated own funds(=eligible) sensu stricto	**1,106,745,985**	**1,277,842,335**

In addition to its own management options, the Company's financial risk policy also integrates the prudential 'Internal Capital Adequacy Assessment Policy' (ICAAP).

ICAAP and economic capital

The risks to which the Company is exposed require a risk buffer in the form of equity. The ongoing development of its business as a conventional savings bank, and hence as a bank involved in transformation (i.e. converting (transforming) funds deposited short-term into longer-term investments) means that this required equity must be permanently monitored, and supplemented when necessary.

ICAAP incorporates all the bank's procedures and calculations used to ensure:

- the correct identification and measuring of the risks of the group;
- the maintaining of adequate capital in line with the bank's risk profile;
- the use, and continuous development of risk management systems.

This means that in all circumstances (stress scenarios), the equity requirements of the Bank Pool and all its component parts are met with an adequate degree of certainty. This is expressed in the form of the economic capital, in which the various risks are taken into account.

In 2013, Argenta continued to invest in economic capital models, particularly in the capital allocation of economic capital (to entities and products) and prospective capital planning. The allocation should allow further product evaluation by including the economic cost of capital, based on the actual risk. In the prospective capital planning, the business plan is subject to a risk test and various simulations are undertaken to simulate the impact on the business plan and the capital situation, and to arrive at better control.

The calculations according to the Basel II rules (Pillar 1) for capital management are reported to the supervisory authority and used internally, but the so-called 80 % floor for the required regulatory capital remains the legal basis even after 2011. In its ICAAP under Pillar 2 Argenta calculates the required economic capital based on Basel II IRB risk parameters. This is lower than the minimum 80 % floor.

In December 2010, the Bank for International Settlements (BIS) published for the first time a detailed text on the Basel III rules for bank capital and liquidity, including a time frame. Basel III imposes stricter rules with respect to solvency, liquidity and leverage, which will be implemented gradually. The Basel III rules are still not applicable at the end of 2013 but are already part of the RAF.

In addition, all material risk factors are modelled in ICAAP so that the total ICAAP provides a more comprehensive picture of capital requirements.

In 2013, regular consultations were held with the supervisory authority as part of the Supervisory Review and Evaluation Process (SREP).

6.2. Regulations and solvency

As a financial institution, the Company is subject to prudential supervision. In Belgium, the Company is supervised by the NBB. The branch in the Netherlands is subject to the supervision of both the NBB and Dutch Central Bank (De Nederlandsche Bank - DNB). The banking subsidiary, ABL, in Luxembourg, comes under the supervision of the Commission de Surveillance du Secteur Financier (CSSF).

All Bank Pool entities are required to comply with the guidelines of the various supervisory authorities in the countries where they operate. These guidelines require financial institutions to maintain minimum equity in relation to the credit commitments on and off the balance sheet.

The credit commitments are weighted according to the risks they involve (risk-weighted commitments). Total equity must represent a minimum of 8 % of the total risk-weighted commitments.

The total regulated eligible capital rose from EUR 1,436,906,803 at end 2012 to EUR 1,567,118,925 at end 2013. This upward trend is mainly the result of an increase in eligible capital with the addition of the profit for the year amounting to EUR 174,974,622 .

In 2012, EUR 30 million of the Tier1 loan issued by Argenta was repurchased. In 2013, an additional part of the loan was repurchased in a nominal value of EUR 700,000. The outstanding capital of the loan now amounts to EUR 69.3 million.

The amount of used (and usable portion of) subordinate loans in supplementary capital decreased slightly from EUR 316,735,233 as of 31 December 2012 to EUR 276,703,603 as of 31 December 2013.

Once Basel III standards are applicable in 2014, these subordinated loans will no longer be used in the equity reporting.

The Company calculates its capital ratios in accordance with Basel II, which comprises three pillars. Information on pillar 1 (minimum capital requirements) and pillar 2 (supervisory review process, including details of the interest rate, liquidity and concentration risk) is included in these financial statements.

The pillar 3 disclosures are a supplement to the first two pillars and are intended to provide market operators with an opportunity to assess the capital adequacy of a financial institution through access to more extensive information. These pillar 3 disclosures are published separately on the Company's Internet site. They include some of the information contained in these financial statements.

The summary below shows the most important capital requirements, calculated according to the relevant Basel (pillar 1) rules.

Composition of the regulatory equity	31/12/2012	31/12/2013
Total regulatory capital	1,436,906,803	1,567,118,925
Required on the basis of the fixed assets	34,653,431	36,011,604
General solvency coefficient	651,364,460	609,001,622
Application of IRB floor for transition period	80 % rule	80% rule
Total required after applying Basel I floor	540,507,993	578,504,366
Tier 1 ratio	**16.38 %**	**17.67 %**
Cooke ratio	21.27 %	21.67 %

The calculations as of 31 December 2013 take into account the specific Basel II rules for the calculation of weighted risks for which the Company has obtained approval. The Company uses the (F)-IRB method for the retail mortgage portfolios, the MBS portfolio and the 'corporates and institutions' portfolio, and the standard STA method for the remaining exposure.

As a result of the Basel II rules applicable to the transition from the STA to the IRB method, the eligible capital should be 80 % of the required capital, calculated according to Basel I principles. The required capital as of 31 December 2013 is EUR 578,504,366 compared with EUR 540,507,993 as of 31 December 2012.

The Tier 1 ratio of 17.67 % as of 31 December 2013 is obtained by dividing the core Tier 1 capital (EUR 1,277,842,235 as of 31 December 2013) by the weighted risk volume (EUR 7,231,304,575 as of 31 December 2013).

In 2012 and 2013, the total regulatory eligible capital was at all times greater than each of the three above-mentioned requirements, so that the Company complied fully with all capital requirements.

7. Remuneration of directors

The composition of the Boards of Directors and the remuneration of their members are given below.

7.1. Composition of the Boards

The Boards of Directors of the other companies of the Argenta Group have a similar structure.

They include in each case:

- the members of the Executive Committee of the company concerned (executive directors);
- a number of independent directors;
- a number of directors that represent the family shareholder (together with the independent directors: the non-executive directors).

The number of directors for each Board of Directors should, preferably, not exceed fifteen. In principle, the directors' mandates are for a period of six years.

The following age limit applies to directors:
- executive directors automatically resign on reaching the age of 65;
- non-executive directors automatically resign on reaching the age of 70.
- directors who reach the age limits may continue to exercise their mandate until a successor is appointed.

The Board of Directors may permit exceptions to this rule on a case-by-case basis.

The Boards of Directors are composed in such a way that none of the three groups (the directors representing the family shareholder, independent directors and directors who are members of the Executive Committee) are in the majority. However, non-executive directors are always in the majority in the Board of Directors.

The table below gives the composition of the Boards of Directors of the companies forming part of the Bank Pool.

BOARDS OF DIRECTORS	ASPA	ABL	ARNE
Chairman:			
J. Cerfontaine	■		
J. Heller		■	
Members:			
Advaro bvba (1)	■		
G. Ameloot	■		■
G. De Haes	■	■	
M. De Moor	■		
S. Duchateau		■	
J. Heller	■		
MC Pletinckx bvba (2)	■		
Raco nv (3)	■		
Ter Lande Invest nv (4)	■		
D. Van Dessel	■		
J.P. Van Keirsbilck	■		
E. Walkiers	■		
G. Wauters	■		■

(1) with D. Van Rompuy as its permanent representative
(2) with M.C. Pletinckx as its permanent representative, sitting as an independent member
(3) with B. Van Rompuy as its permanent representative
(4) with W. Van Pottelberghe as its permanent representative, sitting as an independent member

7.2. Remuneration of the non-executive directors

Remuneration policy

The remuneration of non-executive members of the Board of Directors of the Company consists exclusively of a fixed remuneration set by the respective general meetings. Effective 1 January 2012, this fixed remuneration is the same for all independent directors and directors representing the family shareholder.

For participation in special committees created under the auspices of the Board of Directors (the audit committee and the remuneration committee), non-executive directors receive an additional fee per meeting attended. This fee is the same for all members of such a committee. The chairman of this committee receives a higher fee.

The chairman of the Boards of Directors is a director who represents the family shareholder. He has a fixed remuneration which differs from that of the other non-executive directors.

The remuneration of non-executive directors is paid by the umbrella management holding company BVg and apportioned by a Cost Apportionment Agreement among all Argenta Group companies (and therefore also the Company) in which the director has a mandate.

During 2013, the total remuneration of the independent directors totalled EUR 104,000 (EUR 106,000 in 2012 for both committees). Details of the remuneration are given in the table below.

Independent directors	Permanent representative	Position	2012	2013
Van Keirsbilck J.P.(*)	-	Director	35,000	35,000
Ter Lande Invest nv	Van Pottelberge W.	Director	38,500	36,500
MC Pletinckx sprl	Pletinckx M.C.	Director	32,500	32,500
		Total	**106,000**	**104,000**

* The directors' fees paid to Parus Beheer BVBA amount to EUR 30,000, those paid to Mr Jean-Paul Van Keirsblick to EUR 5,000.

7.3. Remuneration of the executive directors

Remuneration policy

On the advice of the Remuneration Committee, the remuneration package of the executive directors was adjusted in 2012, and the existing regime was replaced by a completely fixed annual remuneration.

This remuneration does not include elements that could encourage the pursuit of short-term goals that are inconsistent with the longer term objectives of the Argenta Group. The compensation meets the provisions of the CBFA Regulation of 8 February 2011 concerning the remuneration policies of financial institutions.

In addition, on the advice of the Remuneration Committee, the premiums for the pension capital and disability group policies will be charged to the Company as from 1 January 2013. For 2012 a transitional regime was applied.

The remuneration is the same for all members of the Executive Committees, with the exception of the chairman. In addition to the fixed annual remuneration, executive directors (as already mentioned) also benefit from two group policies (pension capital and disability).

The executive directors enjoy a termination fee that, other than for termination for serious offence, is equivalent to 18 months' remuneration. The amount of this remuneration is based on the annual gross remuneration, calculated over the 24 months prior to the decision to terminate the contract, or over the entire period of office if less than 24 months.

Remuneration of the executive directors

The composition and division of tasks within the Executive Committees of the Argenta Group's three core companies (the Company, Argenta Assuranties (Argenta Assuranties nv) and BVg) are largely integrated.

The remuneration of the members and the chairman of the Executive Committees are therefore set at group level and distributed among the three core companies in accordance with the rules stipulated in the Cost Apportionment Agreement entered into by these companies.

The following report provides information on the remuneration of members of the Executive Committee paid directly by the Company and the Chairman of the Executive Committee (CEO of the Argenta Group).

In 2013, Johan Heller (CEO of the Argenta Group and Chairman of the Executive Committees of the Company, Aras and BVg) received a base salary of EUR 394,800 (EUR 354,225 in 2012). The contribution for group supplementary pension and disability benefits policies amounted to EUR 55,875 (EUR 45,659 in 2012).

This represents an increase of 10 % compared with 2012. The Argenta Group does not pay any bonuses to the CEO or other directors.

In 2013, the total direct remuneration of the executive directors/Executive Committee members of Argenta Group (excluding the CEO) amounted to EUR 1,879,200. The contribution for group supplementary pension and disability benefits policies for Executive Committee members (excluding those of the CEO) amounted to EUR 139,266. This is an increase of 7 % compared with 2012.

No termination bonuses were paid out in either 2012 or 2013 to directors or members of the Executive Committee.

8. Remuneration of the statutory auditor

The audit of the Company's financial position and of the financial statements is assigned to the statutory auditor, Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA represented by Mr Dirk Vlaminckx.

The remuneration received by Deloitte (including VAT) for 2012 and 2013 breaks down (in accordance with Article 134 of the Belgian Companies Code) into:

- fees for audit assignments: this includes the fees for the auditing of the statutory (unconsolidated) and consolidated financial statements and other reporting assignments: EUR 365,523 in 2013 and 348,099 in 2012.

- fees for other assignments:
  - EUR 141,325 in 2013 with respect to additional auditing activities, tax-related activities and smaller ad hoc assignments
  - EUR 157,752 in 2012 with respect to additional auditing activities, tax-related activities and smaller ad hoc assignments.

9. Related party transactions

The Company regularly conducts transactions with related parties as part of its operations. The transactions relate primarily to loans, deposits and insurance contracts. They are in all cases carried out at arm's length.

The following tables provide a summary of the financial scope of the activities which were conducted with the related parties. The relationships between the parent and its subsidiaries are described in note 1 (general information).

2012 balance sheet	Parent company	Managers in key positions	Other related parties
Assets: loans and advances			
Demand deposits	0	0	5,800,955
Instalment loans	0	0	39,227
Consumer loans	0	0	446,340
Mortgage loans	0		89,465
Other receivables	2,921	0	31,710,371
Total assets	**2,921**	**0**	**37,803,069**
Liabilities: financial liabilities measured at amortised cost			
Deposits	46,441,000	764,221	166,992,248
Debt certificates	0	6,000	104,081,600
Subordinated liabilities	0	0	60,000,000
Other liabilities	1,255,759	0	2,669,147
Total liabilities	**47,696,759**	**770,221**	**333,742,995**
Guarantees issued by the group	0	0	85,097,826
Guarantees received by the group	200,047,100	0	0

2013 balance sheet	Parent company	Managers in key positions	Other related parties
Assets: loans and advances			
Demand deposits	0	0	0
Instalment loans	0	0	28,289,283
Consumer loans	0	0	440,377
Mortgage loans	0	189,338	84,866
Other receivables	4,621	0	3,956,005
Total assets	**4,621**	**189,338**	**32,721,598**
Liabilities: financial liabilities measured at amortised cost			
Deposits	50,272,046	366,008	266,384,119
Debt certificates	0	0	33,411,600
Subordinated liabilities	0	0	0
Other liabilities	1,158,529	0	22,918
Total liabilities	**51,430,576**	**366,008**	**299,818,637**
Guarantees issued by the group	0	0	40,931,710
Guarantees received by the group	100,047,100	0	0

As already explained, the holding company BVg is the Company's parent company. The 'managers in key positions' column includes details of executive and non-executive directors (Note 7) and the close relatives of directors who are natural persons.

Close relatives of a natural person are those who could be expected to be able to exert influence on the natural person (these include the natural person's partner and children residing in his/her household).

'Other related parties' includes details of the Company's sister companies, i.e. the aforementioned Insurance Pool.

2012 Income statement	Parent company	Managers in key positions	Other related parties
Expenses			
Interest expenses	309,564	6,812	5,185,471
Fees and commissions	0	0	1,220,584
Insurance premiums	0	0	5,464
Rendering services	0	0	11,789,595
Other	10,828,348	0	826,046
Total expenses	11,137,912	6,812	19,027,160
Income			
Interest income	566,517	0	2,991,481
Fees and commissions	0	0	0
Other	11	0	17,164,487
Total income	**566,528**	**0**	**20,155,968**

2013 Income statement	Parent company	Managers in key positions	Other related parties
Expenses			
Interest expenses	445,288	8,563	212,876
Fees and commissions	0	0	2,399,310
Insurance premiums	0	0	5,105
Rendering services	0	0	9,816,916
Other	13,032,558	0	857,176
Total expenses	13,477,846	8,563	13,291,383
Income			
Interest income	414,942	2,333	1,671,087
Fees and commissions	0	0	
Other	25	0	17,618,041
Total income	**414,967**	**2,333**	**19,289,128**

As of the end of 2012, guarantees received amounted still to EUR 200,047,100, including a EUR 200 million guarantee for ABL by the parent company BVg. At the end of 2013, there was a guarantee of EUR 100,047,100, of which EUR 50 million for ABL and EUR 50 million for ARNE.

The guarantees issued by the group amounted to EUR 85,097,826 in 2012, including a EUR 85,095,000 guarantee by the Company in support of ARNE. At end 2013, the guarantees amounted to EUR 40,931,710, of which EUR 25 million for ARNE and 15.8 million for expenses of ABL.

No impairments were recognised in balance sheet items concerning related parties in 2012 and 2013. Finally, the remuneration of the executive directors has already been described in note 7.

The table below lists the remuneration of the executive directors.

Remuneration of the executive directors	2012	2013
Severance remuneration	0	0
Salaries and directors' fees	1,463,118	1,566,000
Total	**1,463,118**	**1,566,000**

10. Operational segments

The Company is required to provide information on operational segments to enable users of its financial statements to assess the nature and financial consequences of the business activities it performs and the economic environment in which it operates.

An operational segment is a component of the Company that performs business activities that may generate income or expenses, and of which, among other things, the business results or services rendered are assessed separately at regular intervals by management and for which separate financial information is available.

Note 1 (general information) explains the structure of the Company (with a branch office in the Netherlands that is incorporated into the structure of Argenta Spaarbank nv).

The operational segmentation in the IFRS financial statements is based on geographical areas where the Bank Pool is active. This is systematically further reflected in the organization through the existence of Argenta Spaarbank nv in Belgium, a branch office in the Netherlands (part of Argenta Spaarbank nv) and a subsidiary, Argenta Bank Luxembourg (ABL). The ultimate chief operating decision maker (CODM) is the Executive Committee of the Company.

The Bank Pool delivers services under the heading of 'retail banking' which until further notice is treated in the internal reporting as a single operational segment.

Information on geographical regions

The operational segmentation based on geographic regions reflects the Company's focus on the Benelux countries. The following geographical segmentation is specifically based on the location of the services provided, and provides an indication of the breakdown by geographical region.

Consolidated balance sheet 2012	Belgium	Netherlands	Luxembourg	Consolidation	31/12/2012
Assets					
Cash and cash balances with central banks	30,995,591	0	1,161	0	30,996,752
Financial assets held for trading	12,665,467	128,133,214	0	0	140,798,681
Available-for-sale financial assets	12,899,009,955	15,218,509	11,046,873	-1,389,752,022	11,535,523,315
Loans and receivables	8,485,384,691	12,312,651,716	209,183,593	-243,650,233	20,763,569,767
Derivatives, hedge accounting	0	0	0	0	0
Financial assets held to maturity	760,586,543	0	0	0	760,586,543
Fair value changes of the hedged items	170,498,572	247,390,085	0	0	417,888,657
Buildings, land, equipment	33,575,121	721,91	143,715	0	34,440,746
Investment properties	212,685		0		212,685
Goodwill and other intangible assets	34,126,814	1,951,357	77,872	0	36,156,043
Tax assets	0	0	0	0	0
Other assets	336,143,400	155,609,832	8,471,260	-75,131,125	425,093,367
Total assets	**22,763,198,839**	**12,861,676,623**	**228,924,474**	**-1,708,533,380**	**34,145,266,556**
Total liabilities, minority interests and equity					
Deposits from central banks	1,209,113,889	0	0	0	1,209,113,889
Financial liabilities held for trading	1,781,773	125,730,374	0	0	127,512,147
Financial liabilities measured at amortised cost	27,622,690,925	4,392,295,632	201,383,321	-1,675,672,755	30,540,697,123
Derivatives, hedge accounting	609,695,754	0	0	0	609,695,754
Fair value changes of the hedged items	0	0	0	0	0
Provisions	8,822,139	191,739	0	0	9,013,878
Tax liabilities	113,822,619	0	606,193	0	114,428,812
Other liabilities	2,645,538,772	-2,376,270,197	3,233,094	-32,860,625	239,641,044
Total liabilities	**32,211,465,871**	**2,141,947,548**	**205,222,608**	**-1,708,533,380**	**32,850,102,647**
Shareholders' equity	1,033,853,366	240,128,195	21,103,330	0	1,295,084,891
Minority interests	0	18	61,018	0	79,018
Total liabilities, minority interests and equity	**33,245,319,237**	**2,382,093,743**	**226,386,956**	**-1,708,533,380**	**34,145,266,556**

Consolidated balance sheet 2013	Belgium	Netherlands	Luxembourg	Consolidation	31/12/2013
Assets					
Cash and cash balances with central banks	38,898,913	0	1,049	0	38,899,962
Financial assets held for trading	62,731,237	60,166,927	0	0	122,898,164
Available-for-sale financial assets	9,758,560,325	1,310,512,996	3,928,760	-2,586,288,473	8,486,713,608
Loans and receivables	8,927,302,062	13,386,641,058	68,064,484	-151,221,090	22,230,786,514
Derivatives, hedge accounting	3,488,299	0	0	0	3,488,299
Financial assets held to maturity	761,448,121	0	0	0	761,448,121
Fair value changes of the hedged items	275,393,059	0	0	0	275,393,059
Buildings, land, equipment	34,533,764	497,347	60,990	0	35,092,101
Investment properties	919,503		0		919,503
Goodwill and other intangible assets	38,016,479	1,710,504	52,434	0	39,779,417
Tax assets	0	24,883	662,862	0	687,745
Other assets	105,323,808	100,514,865	8,591,751	-63,583,409	150,847,015
Total assets	**20,006,615,570**	**14,860,068,580**	**81,362,330**	**-2,801,092,972**	**32,146,953,508**
Total liabilities, minority interests and equity					
Deposits from central banks					
Financial liabilities held for trading	1,089,224	60,631,023	0	0	61,720,247
Financial liabilities measured at amortised cost	28,092,938,448	4,592,354,558	54,517,552	-2,756,015,719	29,983,794,839
Derivatives, hedge accounting	408,062,931	0	0	0	408,062,931
Fair value changes of the hedged items	0	0	0	0	0
Provisions	12,281,322	788,010	0	0	13,069,332
Tax liabilities	81,753,044	18,484,680	407,864	0	100,645,588
Other liabilities	1,474,781,928	-1,240,907,508	2,756,657	-45,077,253	191,553,824
Total liabilities	**30,070,906,897**	**3,431,350,763**	**57,682,073**	**-2,801,092,972**	**30,758,846,761**
Shareholders' equity	1,100,806,222	266,139,786	21,081,221	0	1,388,027,229
Minority interests	0	18,000	61,518	0	79,518
Total liabilities, minority interests and equity	**31,171,713,119**	**3,697,508,549**	**78,824,812**	**-2,801,092,972**	**32,146,953,508**

The ‘eliminations’ occur on both the asset and liabilities sides of the balance sheet. These eliminations involve for example securities issued by one group entity (on the liabilities side of the balance sheet of the SPV Green Apple) that are purchased by another entity (found on the asset side of the Company).

These items are eliminated in the consolidation, but in order to obtain a clear overview of each segment, both items are again de-netted in the segment presentations.

2012 income statement	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2012
Financial and operating income and expenses	167,341,395	102,958,560	3,945,527	-284,389	273,961,093
Net interest income	204,991,983	149,721,582	1,951,143	0	356,664,708
Dividends	26,705	0	0	0	26,705
Net income from commissions and fees	-68,819,173	-14,916,910	2,085,538	-284,389	-81,934,934
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement	38,001,264	0	-114,086	0	37,887,178
Gains and losses on financial assets and liabilities held for trading	-22,020,716	-31,951,628	0	0	-53,972,344
Gains and losses from hedge accounting	299,878	0	0		299,878
Gains and losses on derecognition of assets other than held for sale	-10,628	0	0	0	-10,628
Other net operating income	14,872,082	105,516	22,932	0	15,000,530
Administrative expenses	-115,911,262	-18,912,764	-2,503,805	284,389	-137,043,442
Depreciation	-13,300,527	-95,674	-103,694	0	-14,360,961
Provisions	-900,787	0	61	0	-894,687
Impairments	-2,285,909	-7,021,109	0	0	-9,307,018
Total profit before taxes and minority interests	**34,942,910**	**76,067,947**	**1,344,128**	**0**	**112,354,985**
Tax on profits	-10,131,389	-19,397,326	-50,667	0	-30,035,385
Total profit after taxes and before minority interests	**24,811,521**	**56,670,621**	**837,458**	**0**	**82,319,600**
Minority interests	0	0	-2,393	0	-2,393
Net profit or loss	**24,811,521**	**56,670,621**	**835,065**	**0**	**82,317,207**

2013 income statement	Belgium	Netherlands	Luxembourg	Consolidation eliminations	31/12/2013
Financial and operating income and expenses	262,970,602	174,899,725	3,626,199	-262,373	441,234,153
Net interest income	305,453,661	162,027,859	1,068,542	0	468,550,062
Dividends	0	0	0	0	0
Net income from commissions and fees	-68,102,396	-14,816,347	2,410,400	-262,373	-80,770,716
Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement	7,939,784	24,267,393	96,255	0	32,303,432
Gains and losses on financial assets and liabilities held for trading	2,223,514	3,333,881	0	0	5,557,395
Gains and losses from hedge accounting	-207,641	0	0	0	-207,641
Gains and losses on derecognition of assets other than held for sale	126,110	0	-11	0	126,099
Other net operating income	15,537,570	86,939	51,013	0	15,675,522
Administrative expenses	-141,711,216	-22,387,764	-3,050,371	262,373	-166,886,978
Depreciation	-15,942,296	-1,000,308	-154,644	0	-17,097,248
Provisions	-4,055,453	0	0	0	-4,055,453
Impairments	-4,670,764	-14,340,295	0	0	--19,011,059
Total profit before taxes and minority interests	**96,590,873**	**137,171,358**	**421,184**	**0**	**234,183,415**
Tax on profits	-24,669,899	-34,292,840	-245,554	0	-59,208,293
Total profit after taxes and before minority interests	**71,920,974**	**102,878,518**	**175,630**	**0**	**174,975,122**
Minority interests	0	0	0	0	0
Net profit or loss	**71,920,974**	**102,878,518**	**175,630**	**0**	**174,975,122**

All transactions between segments are at arm's length. The main transactions between the operational segments that affect the results are:

(a) the interest income from the placement of the bonds issued by ABL (Luxembourg) with the Company (Belgium) and

(b) the charging on of a funding cost by the Company (Belgium) to the branch (the Netherlands) for capital made available (to enable loans to be granted in the Netherlands).

Information about products and services

The present IFRS financial statements cover only the Bank Pool, which falls entirely under the heading of retail banking, and is considered as a single operational segment for the purposes of consolidated internal reporting.

Retail banking provides financial services to individuals, self-employed persons and small and medium-sized enterprises. In the Benelux, it provides advice on daily banking, saving, lending and investment.

Information about important clients

If the income from transactions with a single external customer accounts for at least 10 % of the Company's income, this must be disclosed.

The Company applies various policies to limit the concentration of the credit risk (and as such, the concentration of income), so this 10 % limit would never be reached under the present guidelines.

Notes to the consolidated balance sheet

11. Cash and cash balances and deposits with central banks

Cash and cash balances with central banks

This category includes all cash and current account balances with central banks.

	31/12/2012	31/12/2013
Cash	30,996,258	38,899,468
Cash balances with central banks	494	494
Total	**30,996,752**	**38,899,962**
of which cash and cash equivalents	30,996,752	38,899,962

Deposits from central banks

	31/12/2012	31/12/2013
Deposits from central banks	1,209,113,889	0
Geographical breakdown - Belgium	1,209,113,889	0
Breakdown by residual term		
Up to 1 year	9,113,889	0
Between 1 and 5 years	1,200,000,000	0
Breakdown by term (to next call date)		
Up to 1 year	1,209,113,889	0
Between 1 and 5 years	0	0
Effective interest rate on portfolio as of 31 December	0.75 %	0

At the end of 2011, as part of the diversification of its funding, the Company participated in the ECB's LTRO (Long Term Refinancing Operation) in an amount of EUR 200 million. In 2012, an additional funding of 1 billion was taken down.

Meanwhile, on 30 January 2013 (given the existence of the possibility), the first 200 million was prepaid and at the end of February 2013, the remaining one billion was also prepaid.

12. Financial assets and liabilities held for trading

The financial assets held for trading are composed as follows:

(Unlisted) financial assets	number	notional	31/12/2012	number	notional	31/12/2013
Interest rate options - caps	12	4,200,000,000	14,839,368	17	5,000,000,000	60,071,605
Swaps securitisation transactions	2	2,740,472,554	124,204,429	2	2,519,092,520	60,166,927
Values based on measurement techniques			139,043,797			120,238,532
Secondary market bonds	7	1,616,000	1,754,884	7	2,492,000	2,659,632
Total financial assets			**140,798,681**			**122,898,164**

The financial liabilities held for trading are composed as follows:

(Unlisted) financial liabilities	number	notional	31/12/2012	number	notional	31/12/2013
Interest rate options - caps	9	3,500,000,000	1,781,774	12	3,500,000,000	1,089,224
Swap securitisation transactions	2	2,740,472,554	125,730,373	2	2,519,092,520	60,631,023
Values based on measurement techniques			127,512,147			61,720,247

Not listed (OTC) - caps

Financial assets held for trading include first of all (because of their positive fair value) the interest rate options (caps). Under financial liabilities come the interest rate options (caps) with negative fair values.

These interest rate options, purchased over-the-counter (OTC) from other financial institutions, are always entered into in the framework of economic hedges, but to which, however, hedge accounting is not applied. Note 24 gives more information on concluded 'cylinder caps'.

The options involved serve as protection against the interest rate risk and are options with which the seller commits to pay the buyer an interest rate difference in exchange for a premium paid by the buyer.

Not listed (OTC) - swaps

Under this heading come the swaps (on the asset side those with a positive fair value and on the liabilities side those with a negative market value) that, although concluded within the framework of ALM, are not accounted for using hedge accounting principles.

Not listed (OTC) - swaps securitisation transactions

In the context of securitization transactions, four swaps have been concluded (viewed at consolidation level). The difference between the market value of the four swaps is recognized in the income statement.

Secondary market bonds

Since early 2012, the Company has offered not only primary bond issues (at time of original issue) but also bonds that are already listed and traded on the so-called secondary market.

This limited portfolio is viewed as an portfolio of securities that are continuously available for the Company's customers and is recognised in IFRS under 'Financial assets held for trading'.

13. Available-for-sale financial assets and held-to-maturity assets

13.1. Available-for-sale financial assets

This category encompasses most of the securities held in the investment portfolio.

	31/12/2012	31/12/2013
Total	**11,535,523,315**	**8,486,713,608**
Of which hedged via micro-hedges	895,280,000	500,000,000
Geographical breakdown		
Belgium	5,192,619,637	3,791,109,532
Other EMU countries	4,216,224,604	3,167,052,008
Rest of the world	2,126,679,074	1,528,552,068
Breakdown by interest rate type (fixed or variable)		
Variable	2,665,061,967	2,236,044,619
Fixed	8,864,444,284	6,250,640,454
Undefined	6,017,064	28,535
Breakdown by residual term		
According to maturity date		
Up to 1 year	2,675,303,666	3,515,481,621
Between 1 and 2 years	3,993,717,137	1,535,285,929
Between 2 and 3 years	1,806,903,647	885,462,706
Between 3 and 4 years	1,465,281,389	867,776,829
Between 4 and 5 years	839,773,943	204,566,138
More than 5 years	748,526,469	1,478,111,849
Undefined	6,017,065	28,536
volgens de vroegste renteherzieningsdatum of vervaldatum		
Up to 1 year	4,666,147,409	4,504,267,653
Between 1 and 2 years	2,719,396,836	1,509,200,888
Between 2 and 3 years	1,571,360,981	626,752,255
Between 3 and 4 years	1,055,700,105	847,938,696
Between 4 and 5 years	820,088,743	176,705,138
More than 5 years	696,812,176	697,505,692
Undefined	6,017,065	28,536
Impairments	4.282.049	0
Effective interest rate on portfolio as of 31 December	2.45 %	2.41 %
Used as collateral	1,771,078,889	421,986,000

In 2011, an MBS (mortgage backed securities) portfolio was reclassified from 'available for sale financial assets' to 'loans and receivables'. Further details on this reclassification are given in Note 14.3.

The fair value and amortised cost and the related unrealised gains or losses as of 31 December 2012 and 31 December 2013 are:

2012 financial year	Amortised cost price	Pro rata interest	Unrealised results	Impairments	Fair values
Fixed-income securities					
- public institutions	5,668,633,884	98,171,787	340,099,406	-4,282,049	6,102,623,028
- credit institutions	3,544,553,115	58,253,327	69,997,405	0	3,672,803,847
- other loans	1,704,946,474	25,543,742	23,589,160	0	1,754,079,376
- short-term securities	0	0	0	0	0
Variable-yield securities					
- investment funds / other shares	5,513,998	0	503,066	0	6,017,064
	10,923,647,471	**181,968,856**	**434,189,037**	**-4,282,049**	**11,535,523,315**

2013 financial year	Amortised cost price	Pro rata interest	Unrealised results	Impairments	Fair values
Fixed-income securities					
- public institutions	4,310,968,293	69,482,753	197,791,451	0	4,578,242,498
- credit institutions	2,231,811,980	37,148,119	39,950,314	0	2,308,910,414
- other loans	1,559,408,128	17,712,411	22,411,620	0	1,599,532,160
- short-term securities	0	0	0	0	0
Variable-yield securities					
- investment funds / other shares	28,198	0	338	0	28,536
	8,102,216,600	**124,343,283**	**260,153,725**	**0**	**8,486,713,608**

The fair values used come from the same external sources, i.e. Bloomberg and Euroclear (the Company's main clearing and custody counterparty) as in previous years.

Further information on the hierarchy of the external fair values used is given in Note 23.

13.2. Held-to-maturity assets

	31/12/2012	31/12/2013
Total	**760,586,543**	**761,448,121**
Geographical breakdown		
Belgium	760,586,543	761,448,121
Breakdown by fixed/variable interest rate		
variable	550,823,856	550,863,500
fixed	209,762,688	210,584,621
Breakdown by residual term		
by maturity date		
Up to 1 year	5,629,593	6,491,171
Between 1 and 2 years	0	500,000,000
Between 2 and 3 years	500,000,000	0
Between 3 and 4 years	0	204,956,950
More than 5 years	254,956,950	50,000,000
by earlier of interest rate review date or maturity		
Up to 1 year	555,629,593	6,491,171
Between 1 and 2 years		500,000,000
Between 4 and 5 years	204,956,950	204,956,950
More than 5 years	0	50,000,000
Indefined	0	0
Total public bodies	**760,586,543**	**761,448,121**
Impairments	0	0
Effective interest rate of the portfolio at 31 December	1.94 %	0.86 %

14. Loans and receivables

14.1. Loans to and receivables from credit institutions

The loans to and receivables from credit institutions are composed as follows:

	31/12/2012	31/12/2013
Total loans to and receivables from credit institutions	**938,853,932**	**313,901,383**
Geographical breakdown		
Belgium	753,491,177	180,109,265
Other EMU countries	165,321,985	133,792,118
Rest of the world	20,040,770	0
Breakdown by residual term: up to 3 months	938,853,932	313,901,383
Breakdown by type		
Current accounts	158,992,166	124,251,885
Term deposits	16,036,089	0
Reserves with central banks	759,785,677	189,649,498
Collateral received from financial institutions	4,040,000	0
of which cash and cash equivalents	159,028,255	313,901,383
Impairments	0	0
Effective interest rate on portfolio as of 31 December	0.04 %	0.08 %

The central banks of the countries in which the Company operates require financial institutions to hold deposits with them.

These deposits have fallen from EUR 759,785,677 to EUR 189,649,498 at end 2013.

14.2. Loans to and receivables from other clients

The loans to and receivables from other clients are composed as follows:

	31/12/2012	31/12/2013
Total	**19,824,715,835**	**21,916,885,131**
Geographical breakdown		
Belgium	7,376,580,558	8,575,117,921
Other EMU countries	12,438,252,468	13,329,451,163
Rest of the world	9,882,809	12,316,048
Breakdown by residual term		
Up to 1 year	709,049,843	756,729,774
Between 1 and 5 years	2,020,829,068	2,304,012,735
> 5 years	17,094,836,924	18,856,142,622
Impairments	44,921,924	39,185,485
Breakdown by loan type		
Consumer loans	171,857,241	153,366,853
Mortgage loans	19,383,528,068	21,474,011,796
Instalment loans	192,956,193	404,866,225
Demand deposits	18,453,847	7,702,812
Other loan receivables – MBS portfolio	57,920,486	48,723,714
Effective interest rate on portfolio as of 31 December	4.12%	3.92%

Mortgage outstandings have increased owing to additional lending to retail customers.

14.3. Note on reclassification of an MBS portfolio

In 2011, an MBS portfolio with a carrying value of EUR 72,886,764 was reclassified from 'available-for-sale assets' to 'loans and receivables' (under 'other loan receivables'). The reason for this reclassification lay in the absence of an active market.

The securities were reclassified at their fair value. At the time of the reclassification, after calculation of the potential tax liability, there was a EUR 15,953,789 negative revaluation reserve in equity.

As of 31 December 2013, a negative revaluation reserve amounting to EUR 10,800,033 remained in equity (other elements of the total result), which would have been EUR 4,389,464 if no reclassification had occurred.

As of 31 December 2012, a negative revaluation reserve amounting to EUR 12,955,686 remained in equity (other elements of the total result), which would have been EUR 13,067,294 if no reclassification had occurred.

Note 23.1 gives information on this current market value of this portfolio (under 'other loan receivables – MBS portfolio').

No individual impairments were recognised for the portfolio in question. As mentioned earlier, a collective impairment has been recorded for the MBS portfolio.

This currently amounts to EUR 1.86 million. In 2013, EUR 693,080 in interest income was received from the securities in question. There were no indications for proceeding to record impairments on individual items.

In 2012 and 2013, no securities were sold out of this portfolio. A small number matured and some partial redemptions occurred.

14.4. Note on securitisation of Dutch mortgage loans

Securitisation transactions involving Dutch mortgage loans were undertaken in 2007 and 2008. The Company's management decided that the Green Apple SPV should be consolidated, as a result of which the transferred loans continue on the Bank Pool's balance sheet.

The loans involved in these two securitisation transactions are no longer included on the Company's non-consolidated balance sheet. As a result of the IFRS consolidation, these securitised loans, which all have to satisfy the requirements for the NHG guarantee which exists in the Netherlands, are recognised on the consolidated balance sheet.

15. Derivatives used for hedging

This section contains, inter alia, additional information on the balance sheet headings 'derivatives used for hedging' and 'cumulative fluctuations in the value of the hedged positions when hedging the interest risk'.

General explanation

Hedge accounting (accounting treatment of hedging transactions in IFRS) can be used for derivatives that are intended to be used for hedging, on condition that certain criteria are satisfied. These criteria for the accounting treatment of a derivative as a hedging instrument include:

- the hedging instrument, the hedged position and the purpose and strategy of the hedging and the party involved must be officially documented before hedge accounting is applied;
- the hedge must be documented, substantiating that it is expected to be highly effective (within a range of 80 % to 125 %) in offsetting changes in the fair value (or cash flows) related to the hedged risk during the entire reporting period; and
- the hedge is effective from the start and is continuously assessed.

Explanation of macro hedges

First and foremost, the Company applies IAS 39, which was authorised by the EU, because it reflects best the way in which the Company manages its activities.

Hedging relationships are intended to limit the interest rate risk ensuing from the selected category of assets (or liabilities) that are proposed as qualifying hedged positions.

The Company performs an overall analysis of the interest rate risk and selects assets (and/or liabilities) that must be included in the hedging of the interest rate risk of the portfolio. At the outset, it defines the risk position to be hedged, the duration, the way in which the tests are conducted and the frequency thereof.

The Company has opted to hedge a portfolio of mortgage loans with a fixed interest rate, and selects within that portfolio the hedged positions as a function of the interest rate risk management strategy. The assessment of the effectiveness consists of examining whether the object of the hedge, i.e. limiting the interest rate risk, has been achieved.

With hedge accounting, the changes in the fair value of the fixed rate legs of these swaps are mostly offset by opposite changes in the fair value of the hedged positions. The fluctuations in the fair value of the floating rate components of the swaps have a net impact on the results.

What we have here is a fair value hedge, whereby the hedged risk consists of the benchmark (euribor), which is the interest rate component of the fixed-rate mortgage loans. The gains or losses of the hedged positions as a result of the hedged risk, and the gains or losses on the hedging instruments are recognised in the income statement (see Note 30).

The changes in fair value of the hedged positions (in this case a hedged portfolio of mortgage loans) can be found under the heading 'cumulative fluctuations in the value of the hedged positions when hedging the interest risk' and amounts to EUR 275,393,059 as of 31 December 2013 compared with EUR 417,888,657 as of 31 December 2012. What we have here is a macro fair value hedge of the interest rate risk of a hedged portfolio of mortgage loans.

Note on micro hedges

The Company also concludes swaps to hedge the interest rate risk of individual instruments (so-called 'micro-hedges').

For the time being, this category consists of swaps concluded in order to hedge securities that are all classified as available for sale assets (AFS micro hedge). The changes in the fair value of the fixed rate component of these swaps are offset by opposite changes in the fair value of the hedged positions.

In this way, part of the change in fair value of the 'available-for-sale' securities in question is not recognised on a separate line in equity, but is treated in the income statement in the context of hedge accounting. Note 3 gave the fair value used for the micro hedges.

In addition, a cash flow hedge was concluded for the first time in 2011. This involved concluding a forward starting swap (start date 31 May 2016 and end date 31 May 2021) for a notional amount of EUR 100 million to hedge the interest rate risk on a future portfolio of savings certificates.

This entails fixing the interest cost (funding cost) of retail savings certificates/term deposits with a term of five years (to be issued in 2016 and then used to fund 10-year mortgage loans granted in the second quarter of 2011).

In the case of this EUR 100 million swap (processed as a cash flow hedge), there was no ineffectiveness in 2012 and 2013. This swap had a negative market value of EUR 8,848,894 as of 31 December 2013 (EUR 10,668,416 as of 31 December 2012).

Note on the fair value hedges

Summary of the swaps used for hedging and processed as fair value hedges. The swap stated as a 'cash flow hedge' is not included in this table, but all the details were discussed in the previous paragraph.

Macro hedge - fair value hedging	number	notional	31/12/2011	number	notional	31/12/2013
Change in the fair value of hedged positions (L&R)			417,888,657			275,393,059
Derivatives with negative fair value	6	3,205,000,000	-496,594,996	8	2,350,000,000	-348,813,311
Derivatives with positive fair value				3	450,000,000	3,488,299

Micro-hedge - fair value hedging	number	notional	31/12/2011	number	notional	31/12/2013
Change in the fair value of hedged positions (AFS)			87,832,873			43,141,251
Derivatives with negative fair value	17	895,280,000	-102,431,342	3	500,000,000	-50,400,727

The ‘number’ in the above table refers to the number of contracts, and ‘notional’ to the notional amounts of the concluded swaps. In columns 4 and 7 the amounts are aggregated to give the amounts shown in the Company’s balance sheet.

Note on totals of derivatives used for hedging

Market values of derivatives used for hedging		31/12/2012		31/12/2013
Derivatives used for hedging (assets side)		0		3,488,299
Derivatives used for hedging (liabilities side)		609,695,754		408,062,932
Fair value macro hedges	496,594,996		348,813,311	
Fair value micro hedges	102,431,342		50,400,727	
Cash flow hedge	10,668,416		8,848,894	

On the assets side there were, at the end of 2013, EUR 3,488,299 of derivatives used for hedging, and on the liabilities side EUR 408,062,931 of derivatives used for hedging.

The latter derivatives consist of EUR 348,813,311 of swaps treated as fair value macro hedges, EUR 50,400,727 of swaps treated as fair value micro hedges and one swap of EUR 8,848,894 treated as a cash flow hedge.

16. Property, plant and equipment

The property, plant and equipment (measured using the cost price model) as of 31 December 2012 and 31 December 2013 were as follows:

	31/12/2012	31/12/2013
Buildings, land, equipment	34,440,746	35,092,101
Investment properties	212,685	919,503
Total	**34,653,431**	**36,011,604**
Fair value of investment properties	472,500	1,040,085

The real estate investments increased in 2013 mainly owing to the purchase of 3 properties under the mortgage loan collection policy and the purchase of a number of car parks. The carrying value of the three properties amounted to EUR 373,522 at the end 2013 and the carrying value of the car parks to EUR 477,179.

The fair value of real estate investments is based on the individual assessment reports of the respective investments.

2012	Land Buildings	IT Equipment	Other Equipment	Total	Investment property
Opening balance as of 1/1/2012	26,555,088	4,020,721	4,008,886	34,584,695	416,426
- Investments	46,472	1,406,040	1,890,984	3,343,496	53,228
- Disposals	0	0	-19,457	-19,457	-247,643
- Depreciation	-951,351	-1,867,894	-648,743	-3,467,988	-9,326
- Transfers	0	0	0	0	0
- Other changes	121,934	0	-121,934	0	0
Closing balance as of 31/12/2012	**25,772,143**	**3,558,867**	**5,109,736**	**34,440,746**	**212,685**

2013	Land Buildings	IT Equipment	Other Equipment	Total	Investment property
Opening balance as of 1/1/2013	25,772,143	3,558,867	5,109,736	34,440,746	212,685
- Investments	671,819	1,939,196	2,622,611	5,233,626	855,276
- Disposals	0	0	-222,532	-222,532	-133,672
- Depreciation	-1,064,482	-1,976,052	-1,147,665	-4,188,199	-14,786
- Transfers	0	0	0	0	0
- Other changes	-156,772	0	-14,768	-171,540	0
Closing balance as of 31/12/2013	**25,222,708**	**3,522,011**	**6,347,382**	**35,092,101**	**919,503**

17. Goodwill and other intangible assets

Goodwill is defined as the portion of the cost of the acquisition of a business combination that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired, as determined as of the date of acquisition.

The inclusion of ARNE in the Company's consolidation scope in 2013 produced goodwill of EUR 177,370, that was taken into income at the end of 2013.

As of 31 December 2013, the other intangible assets (capitalized using the cost price model) were as follows:

	Acquired software	Other intangible assets	Goodwill	Total
Opening balance as of 1/1/2012	29,452,269	155,647	0	29,607,916
- Separately acquired additions	17,405,130	26,644	0	17,431,774
- Retirement & disposal	0	0	0	0
- Amortisation recognised	-10,812,450	-71,197	0	-10,883,647
- Other movements	0	0	0	0
Closing balance as of 31/12/2012	**36,044,949**	**111,094**	0	**36,156,043**
- Separately acquired add-ons	15,603,039	914,598	177,370	16,695,007
- Retirement & disposal	0	0	0	0
- Amortisation recognised	-12,733,197	- 161,066	0	-12,894,263
- Other movements	0	0	-177,370	-177,370
Closing balance as of 31/12/2013	**38,914,791**	**864,626**	0	**39,779,417**

In the case of the acquired software, this relates to the purchased software and capitalized cost of intangible assets.

The recorded impairment loss of EUR 177,370 is found under impairment losses and the amortization of EUR 12,894,263 under the amortization of intangible assets.

The acquisition price and acquisition costs of acquired software and the capitalized cost of developed software are amortised at 20 % per year. The other intangible assets are amortised at 10 % per year.

18. Tax assets and liabilities

The tax position can be summarised as follows:

	31/12/2012	31/12/2013
Current tax assets	0	687,745
Deferred tax assets	0	0
Total tax assets	**0**	**687,745**
Current tax liabilities	10,872,045	26,397,700
Deferred tax liabilities	103,556,767	74,247,888
Total tax liabilities	**114,428,812**	**100,645,588**

In deferred tax liabilities the largest item at the end of 2013 is the deferred tax on the already mentioned positive delta market value of the 'available-for-sale assets'. This totals EUR 68,199,246. There is also an amount of EUR 2,212,223 relating to the cash flow hedge.

Note 35 provides further information of the impact of corporate taxes on the Company's result.

19. Other assets

The other assets are composed as follows:

	31/12/2012	31/12/2013
Prepaid costs	3,568,911	3,519,627
Amounts yet to be collected	552,632	279,267
Payment card advance	42,712,708	150
Notary suspense account	101,239,923	34,560,077
Prepaid retail savings certificates	226,773,717	0
Other suspense accounts	50,245,476	112,487,894
Total	**425,093,367**	**150,847,015**

'Other suspense accounts' contains amounts awaiting definitive allocation.

In 2013, the Company no longer offered the possibility of cashing retail savings certificates prior to maturity. This explains the zero entry under 'prepaid retail savings certificates'.

20. Financial liabilities measured at amortised cost

20.1 Deposits from credit institutions

The deposits from credit institutions are composed as follows:

	31/12/2012	31/12/2013
Deposits from credit institutions	49,739,370	79,744,170
Geographical breakdown		
Belgium	0	2,430,460
Other EMU countries	1,069,370	563,710
Rest of the world	46,670,000	76,750,000
Breakdown by residual term		
Up to 1 year	49,739,370	79,744,170
Breakdown by type		
Deposits repayable on demand	1,069,370	2,994,170
Collateral with financial institutions	48,670,000	76,750,000
Effective interest rate on portfolio as of 31 December	0.11 %	0.22 %

20.2 Retail funding – deposits

Deposits from institutions other than credit institutions – essentially deposits by retail customers in the Company – break down as follows:

	31/12/2012	31/12/2013
Deposits from institutions other than credit institutions	25,162,921,509	27,032,393,875
Geographical breakdown		
Belgium	23,380,917,514	24,679,513,839
Other EMU countries	1,706,988,668	2,271,369,402
Rest of the world	75,015,327	81,510,634
Breakdown by type		
Retail deposits repayable on demand	2,358,886,328	2,301,400,838
Fixed-term retail deposits	1,804,542,242	2,396,072,293
Regulated retail saving deposits	18,988,059,333	20,224,897,308
Mortgage-linked retail deposits	392,446,595	507,188,655
Deposit guarantee scheme	2,050,801	1,025,400
Other retail deposits	1,616,936,210	1,601,809,381
Breakdown of fixed-term retail deposits by residual term		
Up to 1 year	389,580,655	844,206,349
Between 1 and 5 years	1,318,690,247	1,317,636,147
More than 5 years	96,271,340	234,229,797
Effective interest rate on portfolio as of 31 December	1.52 %	1.33 %

The 'other deposits' consist mainly of the savings deposits in the branch in the Netherlands.

20.3 Retail funding - debt certificates - retail savings certificates

The debt certificates break down as follows:

	31/12/2012	31/12/2013
Debt certificates – retail savings certificates	3,190,498,512	2,320,166,732
Geographical breakdown		
Belgium	3,174,879,723	2,310,505,276
Other EMU countries	11,720,190	6,715,468
Rest of the world	3,898,599	2,945,989
Breakdown by residual term		
Up to 1 year	1,307,127,652	920,435,987
Between 1 and 5 years	1,723,143,536	1,171,425,030
More than 5 years	160,227,324	228,305,715
Effective interest rate on portfolio as of 31 December	3.54%	3.14%

The downward trend of recent years in this portfolio continues, partly due to the low interest rates on this type of funding.

20.4. Debt certificates – bonds

	31/12/2012	31/12/2013
Debt certificates - bonds	1,612,592,747	43,739,822
Geographical breakdown (other EMU countries)	1,612,592,747	43,739,822
Breakdown by residual term		
Up to 1 year	148,823,417	43,739,822
Between 1 and 5 years	1,463,769,330	0
Effective interest rate on portfolio as of 31 December	0.79 %	4.00 %

This heading used to contain the bonds and notes issued by ABL, ARNE and SPV Green Apple.

Argenta purchased all A-notes of the Green Apple 2008 transactions in the second half of 2013. All these notes (which are held in the investment portfolio) are eliminated in the consolidation against the issued notes (liabilities side of the balance sheet of SPV Green Apple).

The EUR 43.7 million at 31 December 2013 consists of the ABL and ARNE bonds still held by the public. These bonds all mature in 2014.

20.5. Subordinated liabilities

The normal subordinated liabilities are placed by the Company with the retail public. The EUR 100 million perpetual (so-called Tier 1) loan was offered to institutional investors.

The subordinated liabilities are composed as follows:

	31/12/2012	31/12/2013
Subordinated liabilities	524,944,985	507,750,240
Geographical breakdown		
Belgium	462,670,487	506,442,006
Other EMU countries	61,809,938	796,959
Rest of the world	464,560	511,276
Breakdown by residual term		
Up to 1 year	65,899,288	7,564,729
Between 1 and 5 years	428,667,905	447,904,561
More than 5 years	30,377,792	52,280,950
Breakdown by type		
Subordinated loans (retail funding)	454,290,386	438,012,540
Tier 1 loan (corporate funding)	70,654,599	69,737,700
Effective interest rate on portfolio as of 31 December	3.79%	3.61%

In October 2006, the Company issued a Tier 1 undated deeply subordinated non-cumulative note in a nominal amount of EUR 100 million with a coupon of 5.855 % until 31 October 2016, and thereafter a variable interest coupon of 3-month Euribor + 275 basis points (ISIN-code BE0932117444). The Company has the right (call option) to redeem the loan prior to maturity with effect from 31 October 2016.

At the end of September 2012, a nominal EUR 30 million of this bond issue was repurchased and cancelled on 31 December 2012. In December 2013, a further tranche of EUR 700,000 was repurchased leaving a nominal outstanding Tier 1 loan of EUR 69.3 million outstanding at the end of 2013. In 2012, a profit of EUR 6.6 million (before tax) was realized on this purchase.

21. Provisions

The changes in the provisions during the year are:

	Current legal disputes	Other provisions	Total
Opening balance as per 1/1/2012	621,014	7,498,176	8,119,190
Additions	544,394	350,294	894,688
Amounts used	0	0	0
Closing balance 31/12/2012	1,165,408	7,848,470	9,013,878
Additions	0	4,203,030	4,203,030
Amounts used	147,576	0	147,576
Closing balance 31/12/2013	1,017,832	12,051,500	13,069,332

The provisions for current tax and legal disputes are based on the best possible accounting estimates available at year-end, taking account of the opinions of legal and tax advisers. These involve litigation with branch managers with whom cooperation has been discontinued.

The 'other provisions' item relates mainly to provisions for VAT. The relevant VAT administrations were regularly consulted to clarify the related topics. For disputed issues, a provision is systematically set up, so that there will never be a negative impact but only a positive impact if the decision is positive for the Company.

The timing of the cash outflows that correspond with these provisions is by definition uncertain, considering the unpredictability of the outcome of, and the time associated with, the settlement of disputes.

22. Other liabilities

The other liabilities are composed as follows:

	31/12/2012	31/12/2013
Social security charges	2,925,226	3,366,715
Accrued charges	585,312	196,791
Suspense accounts for fund transfers	19,155,997	6,938,485
Amounts to be processed	43,796,067	15,004,768
Other liabilities	44,730,166	26,639,369
Other suspense accounts	128,448,276	139,407,696
Total	**239,641,044**	**191,553,824**

The other suspense accounts contain primarily amounts that stay on these accounts for a few days (until definitively allocated).

23. Fair value of financial instruments

23.1. Financial instruments not recognised at fair value

The fair values shown are estimates based on internal calculations. However, these can fluctuate on a daily basis due to the parameters used, such as interest rates and counterparty creditworthiness. Nor is there an intention to realize the fair value immediately. As a result, this value does not represent the substantive value to the Company on a going concern basis.

Estimating the fair value of financial instruments valued at historical cost requires the use of techniques, models, hypotheses and assumptions that differ from institution to institution.

The fair value is the price that would be received/paid on the sale of an asset or transfer of a liability in an ‘orderly’ transaction between market participants at the reporting date.

The Company uses the following hierarchy of tests in determining the fair value of financial instruments: first, the quoted price in an active market and then using valuation techniques.

The fair value shown is the full fair value including accrued interest, since the accrued interest is either recognised under the respective items.
The measurement of the fair value of financial instruments, the fair values of which are not obtained externally, can be summarised as follows:

(1) for short-term debt instruments or those repayable on demand, including current accounts and savings accounts, the fair value approximates to the nominal value; and

(2) for other instruments, the Discounted Cash Flow (DCF) method is used, with the discount rate based on a reference rate with a margin that is standard for the market.

This DCF method includes, among other things, a cost of capital and a cost of credit. The interest rate curves are analogous to those used in the sensitivity analysis of interest rate risk (see risk section 5.1). The sensitivity of the market values of the Level 3 values is contained in the ‘impact on equity’ calculation mentioned there (which in fact applies to the impact of all levels).

The resulting market values should always be displayed according to the fair value hierarchy of IFRS 13.

The level of the fair value depends on the type of input used to measure the financial instruments.

Level 1 involves quoted (unadjusted) prices in active markets (externally available, observable fair values of financial instruments on liquid markets).

Level 2 includes all fair values that can be obtained using models on the basis of observable parameters (input) (or of non-observable parameters where the impact is not significant),

Finally, level 3 relates to fair values calculated on the basis of non-observable parameters (input).

The following table presents the carrying amounts and fair values of financial assets and financial liabilities that, in the consolidated balance sheet are not stated at their fair value.

It does not include the fair value of non-financial instruments such as tangible fixed assets and other intangible assets that were briefly discussed in the respective notes.

	31/12/2012		31/12/2013	
	carrying value	fair value	carrying value	fair value
Cash and cash balances with central banks	30,996,752	30,996,752	38,899,962	38,899,962
Loans and receivables	20,763,669,767	23,536,053,322	22,230,786,514	24,416,838,472
Loans to and receivables from credit institutions	938,953,932	938,994,294	313,901,383	313,901,383
- Current accounts	158,992,166	158,992,166	124,251,885	124,251,885
- Term deposits	16,036,089	16,076,451	0	0
- Reserves with central banks	759,785,677	759,785,677	189,649,498	189,649,498
- Collateral with financial institutions	4,040,000	4,040,000	0	0
Loans to and receivables from other customers	19,824,715,835	22,597,059,028	21,916,885,131	24,102,937,089
- Consumer loans	171,857,241	185,244,412	153,366,853	163,328,347
- Mortgage loans	19,383,528,068	22,142,061,973	21,474,655,924	23,640,410,616
- Instalment loans	192,956,193	193,512,152	232,435,828	232,991,787
- Amounts repayable on demand/advances	18,453,847	18,489,081	7,702,812	7,771,114
- Other loan receivables – MBS-portfolio	57,920,486	57,751,409	48,723,714	58,435,225
Total financial assets	**20,794,666,519**	**23,567,050,074**	**22,269,686,476**	**24,416,838,472**
Financial liabilities measured at amortised cost	30,540,697,123	30,811,168,320	29,983,794,839	30,254,148,468
Deposits from central banks	49,739,370	49,739,370	79,744,170	79,744,170
Deposits from other than credit institutions	25,162,921,509	25,249,769,086	27,032,393,875	27,153,732,095
- Demand deposits	2,358,886,328	2,358,886,328	2,301,400,838	2,301,400,838
- Fixed-term deposits	1,804,542,242	1,891,389,819	2,396,072,293	2,517,410,513
- Deposits of a special nature	1,616,936,210	1,616,936,210	1,601,809,381	1,601,809,381
- Regulated saving deposits	18,988,059,33	18,988,059,333	20,224,897,308	20,224,897,308
- Mortgage-linked deposits	392,446,595	392,446,595	507,188,655	507,188,655
- Deposit guarantee scheme	2,050,801	2,050,801	1,025,400	1,025,400
Debt certificates, including retail savings certificates	4,803,091,259	4,967,854,407	2,363,906,554	2,481,456,307
- Retail savings certificates	3,190,498,512	3,331,537,707	2,320,166,732	2,431,205,725
- Bonds	1,612,592,747	1,636,316,700	43,739,822	50,250,582
Subordinated debts	524,944,985	543,805,457	507,750,240	539,215,896
- Subordinated loans	454,290,386	490,255,457	438,012,540	467,443,553
- Tier 1 loan	70,654,599	53,550,000	69,737,700	71,772,343
Total liabilities	**30,540,697,123**	**30,811,168,320**	**29,983,794,839**	**30,254,148,468**

IFRS 13 requires a level to be assigned to all market values. A Level 2 is assigned to the carrying values (which, being short-term instruments, approximate to market value because), while a Level 3 is assigned to all other calculated market values.

In the table above, the Level 2 values are recognizable by the fact that the amounts in the penultimate column (carrying value) approximate to the value in the last column (fair value).

23.2. Financial instruments recognised at fair value

The following tables show the fair value of the financial instruments that are recognised at their fair value on the balance sheet.

The fair values of the 'available-for-sale' assets come from the same external sources as in previous years, that is Bloomberg and Euroclear (the Company's largest clearing and custody counterparty). To support the level attributions, the Company has itself calculated market values where necessary.

The fair values of derivative instruments are calculated internally using a FINCAD application, with the market values calculated daily, also in the context of the European Market Infrastructure Regulation (EMIR).

Collateral management (margin calls) takes place (depending on agreements) on a daily or weekly basis. The external market values obtained with the margin calls are systematically compared with the internally calculated fair values.

The vanilla derivatives (vanilla IRSs and caps) are valued on the basis of the interest rate curves and implied volatilities that are observable in the market (Level 2 inputs). The fair value of these transactions is therefore considered as Level 2.

For the valuation of the CMS swap/caps and the Green Apple swaps, non-unobservable data (Level 3 input) are also used. Based on the sensitivity of these on-observable parameters, it was decided to assign these fair values a Level 3 valuation starting in 2013.

The table below provides an overview of the hierarchical level of the financial assets and liabilities recognized at fair value.

Data per 31/12/2012	**level 1**	**level 2**	**level 3**
Financial assets recognised at fair value			
Assets held for trading	0	140,798,681	0
Available-for-sale assets	8,917,369,845	2,534,975,329	83,178,141
Derivatives for hedging purposes	0	0	0
Liabilities recognised at fair value			
Liabilities held for trading	0	127,512,147	0
Derivatives for hedging purposes	0	609,695,754	0

Data per 31/12/2013	**level 1**	**level 2**	**level 3**
Financial assets recognised at fair value			
Assets held for trading	2,659,631	7,580,559	112,657,973
Available-for-sale assets	6,126,547,552	2,213,563,437	146,602,619
Derivatives for hedging purposes	0	3,488,299	0
Liabilities recognised at fair value			
Liabilities held for trading	0	634,212	61,086,034
Derivatives for hedging purposes	0	399,214,038	8,848,894

In the 'available-for sale' portfolio we encounter sporadic changes between Level 1 and Level 2 as a result of changes (e.g. more providers) in market values. These changes in level need, in this case, to comply with the policy as developed.

The table below provides a reconciliation of Level 3 fair values between 1 January 2012 and 31 December 2013.

It refers to the derivative instruments (under 'assets and liabilities held for trading' and under 'derivatives used for hedging') and to the securities held under 'available-for-sale assets'.

	Derivatives	Fixed-income securities (AFS)	Non-fixed income securities (AFS)
Opening total as of 1 January 2012	0	45,271,854	78,072
Purchases	0	-5,087,609	0
(Partial) redemptions	0	10,310,118	0
Changes to other levels	0	33,553,713	0
Other changes	0	-897,087	-50,920
Closing total as of 31 December 2012	0	83,150,989	27,152
Sales	42,801,296	42,858,658	0
Matured	0	-20,584,796	0
(Partial) redemptions	0	-2,827,300	0
Changes to other levels	0	-33,555,935	0
Changes from other levels	-78,250	77,291,621	0
Other changes	0	242,228	0
Closing total as of 31 December 2013	**42,723,046**	**146,575,467**	**27,152**

The amount of EUR 42,723,046 in the above table is obtained by taking the summation of the positive Level 3 market value of the derivative instruments, being EUR 112,657,973, and deducting from it the Level 3 negative market values of EUR 61,086,034 and EUR 8,848,894 (found on the liabilities side of the balance sheet).

Possible level changes in the 'available-for-sale' assets have no impact on the P&L (the delta market values are recorded in 'other comprehensive income' as equity).

Possible level changes in derivatives have per se no additional P&L impact. The same system is in fact used in the calculation of market values.

24. Derivatives

Besides derivatives embedded in contracts, the Company has two types of derivatives (derived financial instruments) on its balance sheet on 31 December 2013: interest rate options (purchased and sold caps) and swaps.

Under IFRS, derivatives are to be recorded in the trading portfolio, unless a hedging relationship is demonstrated between the asset concerned and a specifically hedged component.

Such a hedging relationship can be considered as effective if, due to market factors such as a change in interest rates, the price fluctuations or cash flows of the financial derivative almost entirely offset the price fluctuations or cash flows of the hedged component.

Owing to the strict IFRS criteria that must be satisfied to classify these as hedging instruments, they are sometimes classified as derivatives held for trading.

For this, the Company uses hedging transactions that satisfy all the required criteria for hedging transactions of IAS 39, as approved by the EU. As a result, the particular hedging instruments are classified as derivatives used for hedging. The framework for processing micro-hedges of the AFS portfolio and for processing derivatives as cash flow hedges is also embedded at the Company.

Interest rate options

Interest rate options are used as protection against the interest rate risk and are options with which the seller commits to pay the buyer an interest rate difference in exchange for a premium paid by the buyer. The interest rate difference is the difference between the current interest rate and an agreed interest rate for a notional amount.

In order to reduce the cost of hedging, caps were from time to time simultaneously bought and written for the same notional amount and the same term. The strike prices of the caps sold are higher than the strike prices of the purchased caps, so that the risk of the combined bought and sold caps concerned is limited to the net premium paid (cylinder caps).

As of 31 December 2012, there were 29 caps on the Company's balance sheet, in a notional amount of EUR 7.7 billion. Of these, 12 were bought and sold cap combinations (24 caps in total, covering the interest rate risk of the liabilities side) and 5 caps to hedge the interest rate risk on the mortgage lending.

As of 31 December 2013, there were 33 caps on the Company's balance sheet, in a notional amount of EUR 8.5 billion. Of these, 12 were bought and sold cap combinations (24 caps in all, covering the interest rate risk of the liabilities side) and 9 caps to hedge the interest rate risk on the mortgage lending.

Although targeted to hedge the interest rate risk, these caps are included in IFRS as instruments held for trading.

The fair values used for the above separately presented financial derivatives were determined using only measurement techniques based on objectively observable market parameters.

Interest rate swaps

Interest rate swaps are contractual agreements between two parties on the basis of which interest flows in the same currency are exchanged. These obligations are calculated on the basis of various interest types. With the majority of interest rate swaps, a net exchange of cash flows takes place. This consists of the difference between the fixed and variable interest payments.

The following table provides an overview of all swaps recognised at year-end, the hedged positions and the IFRS processing method.

2012 number	notional	hedge type	treatment in IFRS
10	3,205,000,000	loan portfolio interest rate risk	macro portfolio fair value hedge
6	895,280,000	interest rate risk on individual AFS securities	micro fair value hedge on AFS instruments
1	100,000,000	interest rate risk on retail savings certificates portfolio	micro hedging - cash flow hedge
4	5,480,945,108	interest rate risk on securitised loans	held for trading

2013 number	notional	hedge type	treatment in IFRS
11	2,800,000,000	loan portfolio interest rate risk	macro portfolio fair value hedge
3	500,000,000	interest rate risk on individual AFS securities	micro fair value hedge on AFS instruments
1	100,000,000	interest rate risk on retail savings certificates portfolio	micro hedging - cash flow hedge
4	2,519,092,520	interest rate risk on securitised loans	held for trading

Additional information on the cash flow hedges referred to in the table above

On 3 May 2011, a forward starting swap was concluded in a notional amount of EUR 100 million (start 31 May 2016 and end date 31 May 2021) to hedge the interest cost of a future portfolio of retail savings certificates/ term deposits.

This entails fixing the interest cost (funding cost) of retail savings certificates/time deposits with a term of five years (to be issued in 2016 and then used to fund 10-year mortgage loans granted in the second quarter of 2011).

As of 31 December 2012, the swap concerned had a negative market value of EUR 10,669,416 and after deduction of an unrealised tax claim of EUR 2,667,354 EUR an amount of EUR 8,002,062 was recorded under 'cash flow hedge' in equity.

As of 31 December 2013, the swap concerned had a negative market value of EUR 8,848,894 and after deduction of an unrealised tax claim of EUR 2,212,223 an amount of EUR 6,636,671 was recorded under 'cash flow hedge' in equity.

Additional information on swaps concluded as part of securitisation transactions

With every securitisation transaction, two swaps are concluded, a front swap between the Green Apple SPV and a financial counterparty and a so-called back swap between this counterparty and the Company. In IFRS, all these swaps (four in total) are classified under 'assets/liabilities held for trading':

- at Green Apple 2007, two amortising swaps, initial notional value of EUR 1.5 billion and notional value of EUR 1.3 billion as of 31 December 2013;

- at Green Apple 2008, two amortising swaps, initial notional value of EUR 1.975 billion and notional value of EUR 1.2 billion as of 31 December 2013.

Two swaps are used for each securitisation transaction, in order to create a minimum credit risk in the SPV because, with the front swap, the counterparty of the SPV is a financial institution with a better rating (and thus supposedly better creditworthiness) than the Company. Via the back swap, the interest risk of the securitisation loan portfolios is reintroduced onto the Company's balance sheet.

The difference in the fair values of the front and back swaps (EUR 464,095) reflects in fact the residual cost price of the intermediate step of a front swap in the securitisation transactions.

In the IFRS balance sheet and income statement, the Company used the market value calculated internally by the itself (using the same procedure as in previous years). In so doing, these market values were determined based on measurement techniques based on market parameters.

Embedded derivatives

Derivatives embedded in contracts need to be segregated (hence recognised as separate derivatives on the balance sheet) when there is no close relationship between their economic characteristics and risks and those of the host contract.

No such derivatives needed to be segregated and classified under this category.

Notes to the consolidated income statement

25. Net interest income

The breakdown of interest income and charges by type of financial instrument generating an interest margin is as follows:

	31/12/2012	31/12/2013
Interest income		
Available-for-sale financial assets	368,992,941	243,920,847
Loans to and receivables from credit institutions	2,657,858	1,274,465
Loans to and receivables from other customers	791,627,838	838,346,565
Held-to-maturity investments	5,629,593	32,538,074
Derivatives – hedge accounting	47,531,446	12,988,132
Interest expenses		
Deposits from credit institutions	-19,940,817	-1,373,392
Deposits from other than credit institutions	-426,370,509	-393,020,751
Debt certificates (including retail savings certificates)	-213,304,714	-100,746,483
Subordinated liabilities	-21,413,150	-18,924,068
Derivatives – hedge accounting	-178,745,778	-146,453,327
Net interest income	356,664,708	468,550,062
Interest income from impaired financial assets	1,164,521	1,044,518

26. Dividends

The table below lists dividends received.

	31/12/2012	31/12/2013
Dividends from equity instruments from Available-for-sale financial assets	26,705	0
Total dividend income received other shares	**26,705**	**0**

27. Net income from commissions and fees

The net income from commissions and fees can be summarised as follows:

	31/12/2012	31/12/2013
Income from commissions and fees	61,444,268	66,886,570
Securities: buy and sell order and other	9,196,441	12,865,216
Management fees received	23,005,067	26, 860,259
Payment services	4,320,890	5,698,974
Commissions concerning hospitalisation insurance	18,615,638	15,374,551
Other items	6,306,232	6,087,570
Expenses relating to commissions and fees	-143,379,202	-147,657,286
Acquisition costs	-113,597,646	-117,848,445
Custody	-1,770,863	-1,490,730
Commissions concerning hospitalisation insurance	-16,259,458	-13,641,856
Payment services	-10,712,410	-6,938,485
Other items	-1,038,825	-7,737,770
Net commission result	**-81,934,934**	**-80,770,716**

28. Realised gains and losses on financial assets and liabilities that are not measured at fair value in the income statement

The realised gains and losses on available-for-sale assets on the one hand and on financial liabilities measured at amortized cost on the other can be shown as follows:

	31/12/2012	31/12/2013
Realised gains		
Available-for-sale financial assets		
• Gains on fixed-income securities	41,932,993	9,613,804
• Gains on variable-yield securities	67,059	545,985
Financial liabilities measured at amortised cost	6,600,000	24,267,394
Realised losses		
Available-for-sale financial assets		
• Losses on fixed-income securities	-10,712,874	-2,123,751
• Losses on variable-yield securities	0	0
Total net realised result	**37,887,178**	**32,303,432**

A detailed breakdown of the unrealised gains and losses of the 'available-for-sale financial assets' category can be found in Note 13.

The fair values of this category of 'financial liabilities measured at amortised cost' are given in Note 23.

The realised gain of EUR 6.6 million in 2012 on financial liabilities measured at amortized cost related to the repurchase of a portion of the Tier 1 loan issued by the Company.

The capital gain in 2013 is due to the elimination difference of the Green Apple 2007-A notes, repurchased in 2013 by the Company. On consolidation, the notes in question were eliminated against each other, producing here a realized gain.

29. Gains and losses on financial assets and liabilities held for trading

The results of the assets and liabilities held for trading can be presented as follows:

	31/12/2012	31/12/2013
Gains and losses on swaps	-24,366,681	991,874
Gains and losses on caps	-29,605,663	4,434,787
Gains and losses on bonds	73,166	130,733
Total result interest rate instruments	**-53,972,344**	**5,557,394**

Under the net result can be found the gains and losses on interest rate options, swaps and a very limited portfolio of bonds (which are offered to clients).

Under the ALM policy, all the swaps and caps concerned are concluded for the account of the Company.

30. Gains (and losses) from hedge accounting

For derivatives that are part of the fair value hedge transactions to hedge the interest rate risk of a portfolio of individual securities, the relevant interest is given under net interest income.

Changes in the fair value of these derivatives and changes in fair value arising from hedged risk of the hedged assets are included in the item 'gains and losses from hedge accounting'.

	31/12/2012	31/12/2013
Portfolio hedge of interest rate risk		
Changes in the fair value of the hedging instruments	-48,307,107	142,753,187
Changes in the fair value of hedged instruments	49,125,073	-142,528,171
Hedging of the interest rate risk of individual financial instruments		
Changes in the fair value of the hedging instruments	-74,676,815	-24,463,239
Changes in the fair value of hedged instruments	74,158,727	24,445,864
Gains and losses from hedge accounting	**299,878**	**-207,641**

In the case of the swap processed as a cash flow hedge, there was no ineffectiveness in 2012 and 2013, leaving no movements in connection with this swap under this heading.

31. Gains and losses on derecognition of assets other than held for sale

The gains and losses on derecognised assets, other than held for sale, are shown below.

	31/12/2012	31/12/2013
Gains on derecognition of tangible fixed assets	1,386	28,244
Gains on derecognition of investment property	18,893	133,561
Losses on derecognition of tangible fixed assets	-4,881	-1,511
Losses on derecognition of investment property	-26,026	-34,195
Total gain or loss	**-10,628**	**126,099**

32. Other net operating income

Other net operating income consists of the following components:

	31/12/2012	31/12/2013
Total other net operating income	**15,000,530**	**15,675,522**
Operating income		
Investment properties	143,199	109,126
Costs charged on to group companies	17,730,976	18,032,950
Portfolio acquisition fees from agents	819,682	1,813,322
Reversal of guarantee system provision	1,117,090	1,042,358
Received from renting out of printers – ICT infrastructure	2,078,328	5,025,428
Other	4,863,850	3,684,437
Operating expenses		
Relating to leased real estate investments	0	0
Costs charged on to group companies	-11,489,398	-13,730,602
Other	-263,197	-301,497

The costs charged on to group companies relate to costs recharged to and from entities of the Argenta Group (BVg itself) and the Insurance Pool that are not consolidated by the Company.

33. Administrative expenses

Employee expenses consist of the following components:

	31/12/2012	31/12/2013
Total employee expenses	**28,979,879**	**32,751,744**
Wages and salaries	20,091,602	22,872,672
Social security charges	5,373,119	6,179,634
Pension expenses	2,013,410	2,354,656
Share-based payments	0	0
Other	1,501,748	1,344,782
Average number of employees, in FTE	450,04	509,75
Managerial staff	20,50	22,50
Clerical staff	429,54	487,25
Manual staff	0	0

The Company only has pension obligations based on defined contribution schemes. In Belgium, the insurance company/companies guarantee(s) a minimum return for group pension policies. The contributions for the group insurance policies involved are given under the pension expenses item.

There are no 'share-based payments' at present.

General and administrative expenses can be summarised as follows:

	31/12/2012	31/12/2013
Total general and administrative expenses	**108,063,563**	**134,135,234**
Marketing expenses	2,585,313	2,091,514
Professional fees	9,272,024	17,620,167
IT expenses	33,111,106	38,475,942
Rents	3,614,216	5,010,588
Business taxes	17,986,662	27,085,811
Contribution to deposit protection fund in Belgium	18,019,882	18,779,521
Other	23,474,360	25,071,691

The heading 'other' includes expenses for telephone, postage, office supplies, professional contributions and travel expenses.

The significant increase in general and administrative expenses was primarily due to expenses incurred in the further development of the IT infrastructure and to the continued high amounts of non-income taxes.

34. Impairments

The changes in impairments can be broken down as follows:

Impairments losses on assets not measured at fair value in the income statement	31/12/2012	31/12/2013
Available-for-sale financial assets	703,123	-4,282,049
Loans and receivables	8,603,895	23,115,738
Goodwill	0	177,370
Total impairments losses	**9,307,018**	**19,011,059**

Outstanding impairments for financial assets measured on an individual basis	31/12/2012	31/12/2013
Available-for-sale assets (fixed-income securities)	4,282,049	0
Loans and receivables		
• Consumer loans	3,156,257	4,039,789
• Mortgage loans	32,140,543	29,996,128
• Instalment loans	798,562	663,598
• Demand deposits/advances	8,370,698	4,096,968
• Other loan receivables	455,864	229,195
Total loans and receivables	**44,921,924**	**39,025,677**
Total impairments recognised	**49,203,973**	**39,025,677**

The tables of changes below show the composition of impairments measured on an individual basis in the 'loans and receivables' category as of 31 December 2012 and 31 December 2013.

At the end of 2012, the overall impact of impairments recognised on both an individual and a portfolio basis on 'loans and receivables' was EUR 8,603,895.

Adding to this the individual impairment of the 'available-for-sale assets', the overall impact is EUR 9,307,018.

Data per 31/12/2012 Loans and receivables	Opening balance 31/12/2011	Increase via P&L	Reversal via P&L	Closing balance 31/12/2012	Recoveries via P&L	Direct write-offs	Collective provision	Total impact on P&L
Consumer loans	2,929,170	1,274,507	-1,047,420	3,156,257	-113,944	282,024	0	395,167
Mortgage loans	27,988,081	28,600,610	-24,448,148	32,140,543	-276,720	2,885,033	667,794	7,428,569
Instalment loans	795,309	654,327	-651,074	798,562	0	87,179	0	90,432
Demand deposits/advances	8,594,814	2,954,637	-3,178,753	8,370,698	-467,683	1,169,362	0	477,563
Other loan receivables	381,342	314,643	-240,121	455,864	0	12,728	124,914	212,164
Total loans and receivables	40,688,716	33,798,724	-29,565,516	44,921,924	-858,347	4,436,326	792,708	8,603,895

At the end of 2013, the overall impact of impairments recognised on both an individual and a portfolio basis on 'loans and receivables' was EUR 23,115,738.

Data per 31/12/2012 Loans and receivables	Opening balance 31/12/2011	Increase via P&L	Reversal via P&L	Closing balance 31/12/2012	Recoveries via P&L	Direct write-offs	Collective provision	Total impact on P&L
Consumer loans	3,156,256	2,720,990	-1,837,457	4,039,789	-180,541	1,121,318	0	1,824,310
Mortgage loans	32,140,544	25,841,529	-27,985,944	29,996,128	-320,700	15,615,577	7,866,376	21,016,838
Instalment loans	798,562	236,063	-371,027	663,598	-87,36	0	55,933	-79,118
Demand deposits/advances	8,370,698	1,469,442	-5,743,173	4,096,968	-449,085	4,564,675	0	-158,141
Other loan receivables	455,864	267,744	-494,413	229,195	-50,000	387,631	400,887	511,849
Total loans and receivables	44,921,924	30,535,768	-36,432,015	39,025,678	-1,000,413	21,689,201	8,323,197	23,115,738

The individual impairments of 'financial assets available for sale' as per 31 December 2012 were applied in 2013 upon sale of the financial assets. If we take into account this use, the global impact on the result of the company was EUR 18,833,689 in 2013..

In 2012, the required provision for individual impairment on Cyprus government paper was determined at EUR 4,282,049 in comparison with the provision of EUR 3,578,926 that was built in 2011. As a result there was an additional P&L impact of EUR 703,123 in 2012.

The provision for individual impairment of EUR 4,282,049 was fully reversed in 2013 with the sale of the securities.

35. Income tax expenses

The details of current and deferred taxes are shown below:

Income tax expenses	31/12/2012	31/12/2013
Current tax liabilities for the financial year	36,851,736	50,557,734
Current liabilities related to previous periods	-8,296,538	1,658,071
Deferred taxes related to temporary differences	9,962,727	-2,495,528
Deferred taxes related to derivatives	-5,721,028	7,771,453
Deferred tax related to amortised cost calculations	-2,761,514	1,716,563
Total taxes	30,035,383	59,208,293
Reconciliation of statutory tax rate to effective tax rate		
Net Profit before taxes	112,354,974	234,183,415
Statutory tax rate	33.99 %	33.99 %
Income tax liability calculated using statutory rate	38,189,456	79,598,943
Tax effect of rates in other countries' jurisdictions	-5,010,120	-13,132,784
Tax effect of non-taxable income	2,184,115	17,317
Tax effect of expenses that are not tax deductible	613,478	-1,028,118
Tax benefit not previously recognised	-3,137,813	-8,984,995
Taxes from previous periods	-6,364,247	1,658,071
Tax effect of other changes in statutory tax rates	3,560,511	1,079,859
Total tax on profits	**30,035,380**	**59,208,293**
Effective tax rate	26.73 %	25.28 %

Other notes

36. Securitisation policy

The Company has implemented two securitisation transactions since 2007. The operational framework and the policy for performing securitisation transactions were developed mid-2007, resulting in a first successful securitisation transaction in September 2007. A second securitisation transaction was finalised in December 2008.

Both securitisation transactions related to the securitisation of a portfolio of Dutch residential mortgage loans covered by a NHG (Dutch mortgage guarantee scheme) guarantee via the Green Apple SPV.

The goal of the first securitisation was to attract new funding (tap into a new source of funding) aimed at improving the liquidity position.

The goal of the second securitisation transaction was to convert mortgage loans into ECB eligible assets. This was also clearly reflected in the fact that the Company itself bought all the securities (issued by the Green Apple SPV).

At consolidated level, these securities issued by Green Apple are no longer recorded because they were eliminated during the consolidation of the Green Apple SPV.

In 2012, a rating was obtained from a second rating agency for both issues.

In this way, each transactions obtained two rating which enabled ECB eligibility.

Main characteristics of the securitisation transaction Green Apple SPV 2007-I NHG

- securitisation of EUR 1.5 billion in Dutch residential NHG mortgage loans;
- issue by the Green Apple SPV of three classes of bonds (GAPPL 2007-1 A XS0322161026, GAPPL 2007-1 B XS0322161299 and GAPPL 2007-1 C XS0322161299);
- amortising front and back swap with RBS as counterparty;
- all tranches are held by the Company itself.

Main characteristics of the securitisation transaction Green Apple SPV 2008-I NHG

- securitisation of EUR 1.975 billion in Dutch residential NHG mortgage loans;
- issue by the Green Apple SPV of three classes of bonds (GAPPL 2008-1 A XS0406581495, GAPPL 2008-1 B XS0406581735 and GAPPL 2008-1 C XS0406582030);
- amortising front and back swap with RBS as counterparty;
- all tranches are held by the Company itself.

At the end of 2013, the call option was exercised on the Green Apple 2008 transactions. In this way, this matured on 23 January 2014.

37. Off-balance sheet items

As mentioned in Note 2, management decided that the Green Apple SPV should be consolidated and that consequently both securitisation transactions are recognised in the consolidated financial statements and the transferred loans therefore remain on the group's balance sheet.

The Bank Pool has also issued guarantees on its own financial assets. The summary below gives the grounds for and the nominal values of the assets concerned, which can all be found under 'available-for-sale assets'.

***In rem* security provided**		**31/12/2012**	**31/12/2013**
- For repos	Nominal value	0	0
- For swaps	Nominal value	561,965,000	421,986,000
In rem security received		23,801,592,763	26,103,562,240

The in rem security received relates to the collateral received in return for lending (including mortgage registrations and pledged securities).

Note 9 provides further information on the 'group' guarantees issued and received (see table below).

	31/12/2012	**31/12/2013**
- Financial guarantees issued	85,097,826	44,551,927
- Financial guarantees received	200,047,100	100,047,100

Finally, there are lines of credit granted and received. The lines of credit granted relate to notified lines of credit and credit offers for retail lending.

Lines of credit received relate to the lines of credit received from other financial institutions on the Company's accounts with these institutions.

	31/12/2012	**31/12/2013**
- Lines of credit granted	1,135,608,436	863,107,503
- Lines of credit received	1,500,000,000	250,000,000

38. Contingent liabilities

The Company is defendant in a number of disputes within the context of standard business operations.

The Company sets aside provisions for disputes when, in the management's opinion and after consultation with its legal advisers, it is probable that the Company will have to make payments and the payable amount can be estimated with sufficient reliability.

For further claims and legal proceedings against the Company of which the management is aware (and for which, in accordance with the principles described above, no provision has been set aside), the management believes, after obtaining professional advice, that these claims have no chance of success, or that the Company can defend itself successfully against the claims, or that the outcomes of these cases are not expected to result in a significant loss in the income statement.

39. Post-balance sheet events

At maturity of the Green Apple 2008 transaction on 23 January 2014, a dispute arose in relation to a possible termination fee claimed by the swap counterparty. The management of the Company has decided that a provision in relation to this dispute is not appropriate at this stage.

No material events have occurred since the balance sheet date that require an adjustment of the Company's consolidated financial statements as of 31 December 2013.

On 25 March 2013, the Board of Directors reviewed the financial statements and gave its approval for their publication. The financial statements will be presented to the General Meeting of Shareholders on 25 April 2014.

Antwerp, 25 March 2014

Additional information

The Company's IFRS financial statements are published in Dutch and English.

The Dutch version is the original; the English version is an unofficial translation. The Company warrants that every reasonable effort has been made to avoid any discrepancies between the language versions. However, should such discrepancies exist, the Dutch version will take precedence.

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